BUSINESS

Russians

in £300m

steel mill

contract

VOEST-ALPINE, Austrian

state-owend engineering group, signed a Sch 9bn (£299.5m)

contract with the Soviet Union

for a steel mill designed to con-

vert scrap metal into 750,000

tonnes of steel a year. Back

WASHINGTON is expected

to decide this week on trade sanctions against Japan Air

Lines, after the U.S. and Japan failed to agree on civil aviation

HONG KONG reached a six

year agreement on textile and garment exports to tha U.S.

● THOROUGH reforms of

insolvency law are recom-mended in the final report of the Cork Committee to Trade

Secretary John Biffen. Page 4

• SIZEWELL B nuclear station

management and purchasing policies are likely to include

some novel and controversial

decisions, with a limited role

for the National Nuclear

• BAD WEATHER in Decem-

ber and January cost UK insur-ance companies at least £200m.

the British Insurance Associa

BL's board approved investment of "several million pounds" in a Leyland light

truck range to be assembled in

• PRESSURE increased on the

weaker currencies in the Euro-

pean Monetary System last

week. The French franc fell

sharply, reflecting growing economic problems, and the

Bank of France increased domestic rates to their highest

as intervening directly in the

Italian lira, and a reduction in

interest rates by the stronger

member currencies was seen as

a concerted move to relieve re-

newed pressure so soon after

last month's currency re-

shuffle. The Bundesbank cut its

special Lombard rates by balf

in the Dutch and Swiss discount

rates followed. The guilder re-

mained the strongest member,

followed by the fast improving

D-mark, while the lira was the weakest currency. Leading

EMS March 19, 1982

article, Page 20

point, and similar reductions

Leyland, Lancs, Page 4

Corporation. Back Page

tion said. Page 4

rights. Back Page

Monday March 22 1982

OPEC OIL PRODUCTION AGREEMENT

(b/d)

200,000

7,300,000

750,000

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CONTINENTAL SELLING PRICES: AUSTRIA Scil. 15; BELGIUM Fr 30; DENMARK Kr 6:00; FRANCE Fr 5:00; GERMANY, DM 2.0; ITALY L 1,000; NETHERLANDS Fr 2.25; NORWAY Kr 2.00; PORTUGAL Est 50; SPAIN Ptp 85; SWEDEN Kr 6:00; SWITZERLAND Fr 2:0; EIRE 42p; MALTA 300

NEWS SUMMARY

GENERAL Thorn attacks 'greedy Britain'

EEC President Gaston Thorn accused Britain of national egoism and greed, in a West German radio interview.

He said British greed in claiming as much as, if not more than, it put into the EEC budget showed no solidarity and endangered the Community.

Earthquake hurts 80 in Japan

An underwater earthquake — 7.3 on the Richter scale — off Hokkaido. Japan, caused tidal waves iojoring 80. In Italy strong tremors caused panic in towns hit by the massive 1980 earthquake. In Mount St. earthquake. In Mount St Helens, Washington State, scientists warned that volcanic activity could persist for several

West Bank clash

Five were wounded when Israeli troops fired shots to break up demonstrations by Palestinians protesting at Israeli occupation measures in the West Bank.

Walesa absent

Poland's military authorities kept interned Solidarity leader Lech Walesa away from his baby daughter's christening and screened a TV programme criticising his free trada union.

Zimbabwe call-up Zimbabwe Premier Robert Mugabe said all abie men in

the country would undergo military training by the end of

Ban welcomed The Test han on English players

touring South Africa was wel-comed by the secretary of domestic rates to their highest India's Cricket Board of Control. level since last October as well He forecast the Indian tour of England would go shead

SDP has edge

Roy Jenkins, for the SDP-Liberal Alliance, edged ahead Conservative and Labour candidates in the final approach to Thursday's Glasgow Hillhead by election, according to an opinioo poll. Back Page

Heseltine search

Environment Secretary Michael Heseltine is searching for a black adviser to brief him on problems feeing blacks who want to start ousinesses in inner city areas. Back Page

Cosmic inquiry

The U.S. Columbia space shuttle is due to blast off today. It will include a British experiment which will examine cosmic dust in an effort to explain the solar system's history. Page 2

Heath's attack

Former Premier Edward Heath said society was too concerned with money for its own sake and the amount of interest it could earn when invested.

Animals 'rescued' Animal liberation supporters broke into a breeding centre in Frant, Sussex, and snatched

guioes pigs they say were destined for vivisection. MP pipes up

Pipe-smoking MP Keith Stainton protested to British Rail over its decision to ban

smoking in its restaurant and Briefly . . . World Champion Nelson Piquet won the Brazilian Grand Prix.

Fossils, including the first bones of a land mammal ever found in Antarctica, were discovered by scientists. Ayatollah Khemeini, Iran's 81year-old leader, cancelled en-

group chairman and initiate appeal court moves over his takeover bid. Page 22 gagements for 11 days. TENTS

	CON
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	Computers: Japan plans for
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	Management: textile
	machinery buy-out from

Appointments ...
Interational ...
Base Rates

Lombard: Samuel Brittan nn a puzzling Budget ... 21 Justinian: Romans ending baffled many 17 Editorial comment: the banks and Stone-Platt;

The chert shows the two constraints on European Monstery System exchange rates. The upper grid based on the weakest currency in the system defines the cross rates from which no currency (except the lire) may move more than 2½ per cent. The lower chart gives each currency's divergence from the "central rate" against the European Currency Unit (ECU) itself a basket of European currencies.

 ASSOCIATED Communica tions Corporation directors will

today consider the position of Mr Robert Holmes a Court as

European currencies ... 20 Surveys:

Kenya 29-32 18 Mexico 11-16

INTERIM STATEMENT ANNUAL STATEMENT NatWest Bank ... PROSPECTUS AD

Opec sets ceiling on production Lower Saxony in effort to halt price slide

THE Organisation of Petroleum Exporting Countries has for the first time agreed oo a production ceiling in an attempt to halt the slide in prices. It has set an effective upper limit of 17.5m barrels a day. Saudi Arabia baa decided to cut its own ceiling to 7m b/d, although this is not reflected in the official Opec announcement, which refers to an overall

production limit of 18m b/d. Sbeikh Ahmed Zaki Yamani, the Saudi Minister of Oil, said before leaving Vienna that be hoped the "freeze" of tha \$34 a barrel reference price "will continue until the end of 1983."

After that he thought Opec

should start gradually to increase prices a little.

Meanwhile Saudi Arabia would watch market trends closely. If there was any noward pressure on prices, Sheikh Yamani thought Saudi Arabia would again increase produc-Opec also decided at the week-end to sat a maximum differen-

tial for premium North African crudes of \$1.50 — meaning that top quality varieties produced mium North African by Nigeria, Algeria and Libya should fall to \$35.50, compared with official rates of \$36.50 to

Mr James Edwards, the U.S. Energy Secretary, said yester-day that he thought the oil market would continue to "fall somewhat," in spite of the Opec production cuts.
U.S. oil imports, at 3.7m

barrels a day, were at their lowest level in ten years in the past week, he said, and demand was 21 per cent down on the same period of 1979—terrels outer to con-1979-largely owing to conservation measures.

When the U.S. economy began to recover, Mr Edwards said, he expected to see 10m large cars replaced by more fuel - efficient vehigles

sibly disruptive exception

quarter and allocate shares of

The 18m b/d ceiling, which

t Production shared equally between which has been allocated 300,000 b/d rate of 250,000 b/d in early March. compares with an output of more than 31m b/d in 1973, was referred to in the official com-munique, which said it would \$37.50 now notionally in force. Officially, Saudi Arabia was reached by all other members be reviewed at the next with the important and posordinary conference planned to begin in Quito, Ecuador, on Iran — to sat a limit of 18m barrels a day for the second May 28.

Neutral zonet

Qatar Saudi Arabia United Arab Emirates

Sheikh Ali Khalifa al-Sabah, Kuwaiti Minister of Oil, said: "What we have done here is to

protect the [Opec reference] price, but that does not ignore the fact that prices went up too sharply [in 1979-80]. " But Mr Mohammed Gharazi

Estimated

early March* (b/d)

700,000

200,000 150,000

1,200,000 1,200,000

7.300.000

7.325,000

1,700,000

Iranian Minister of Oil, said at the weekend that his Government intended to increase exports to 1.7m b/d to satisfy its

Continued on Back Page

World Bank to issue bulldog bond

THE WORLD BANK is expec ted to return to the UK sterling bond market today with a £100m five-year issue through Baring

The final pricing of the bond

. Today's World Bank issue is expected to carry a 141 per cent coupon at a price slightly below par. The borrower has sovereign status under Bank of England rules and is one of the few whose paper can be purchased by UK building societies and trustee savings

The World Bank is returning to the sterling market because of the availability of funds and because of its need to tap as many markets as possible this

Brothers.

will be decided today and the coupon paid is likely to be based on the 131 per cent partly paid Treasury stock which matures in 1987.

This will be the second time This will be the second time the World Bank has tapped what is known as the bulldog market—the domestic sterling bond sector open to foreign borrowers. The World Bank last year raised £100m through a 134 per cent bulldog issue

election blow BY JONATHAN CARR IN BONN WEST GERMAN Chancellor However, the CDU's success

Helmut Schmidt's Social Democrat Party suffered an electoral setback yesterday, plunging to its worst voting result in the State of Lower Saxony for more than two decades. The protest party called The

Greens scored another io its line of proviscial election successes, and will be represented in the Lower Saxony State Parliament for the first time.
These developments—with a

to found a new party to the left of the SPD-indicates that the West German party political landscape of the centre-left is io a state of flux. In one way the Lower Saxony election—the first pro-vincial parkiament poll since the

Seneral Election of October 1980-almost confirmed the status quo of governmental power in the State.

The Christian Democrats, who already formed the Lower Saxon Government although they are in opposition at Federal level in Bonn, were confirmed in office.

They gained an absolute majority of just over 50 per cent of the vote-about 2 per cent more than they won in the last atate poll four years ago. This will be a boost to Dr Ernst Albrecht, the state Premier, io his hopes of becom-

per cent of the vote compared with 42.2 per cent before. This is a worse fall than the party pessimists had feared. In contrast, the "Greens"hegan as an ecological party but who now join in pro-test on broader social and

does not explain the collapse of

the SPD-which fell to only 36

national security issues jumped to 6.9 per cent of the per cent four years ago. They thus clear the hurdle of

5 per cent voter support needed for parbamentary representatioo, and bave seats in three West Germao provinciai state legislatures. The Liberal Free Democrat

Party - the juoior partner in Herr Schmidt's coalitioo in Bonn—gained about 6 per cent

As the polling in Lower Saxony was beginning, two for-mer parliamentary members of the SPD announced at a congress in the Ruhr that they planned to set up a new Leftwing party called Democratic Socialists. Various protest groups have already pledged support.

The Lower Saxony result does oot change the balance of power in Bonn. But it does iodicate that the SPD-SDP Alliance br nearly 13 years ago is bed

French left heads for setback in cantonal poll

BY DAVID HOUSEGO IN PARIS

FRANCE'S Socialist-led coalition seemed to be heading for a further electoral setback as the early results in the second M Jean round of voting in the cantonal Labour. lections emerged last night. Computer forecasts suggested

that the combined left-wing cent of the vote. They scored were last contested 1976. In the legislative elections of

June Ast year the left took an exceptional 55 per cent of the

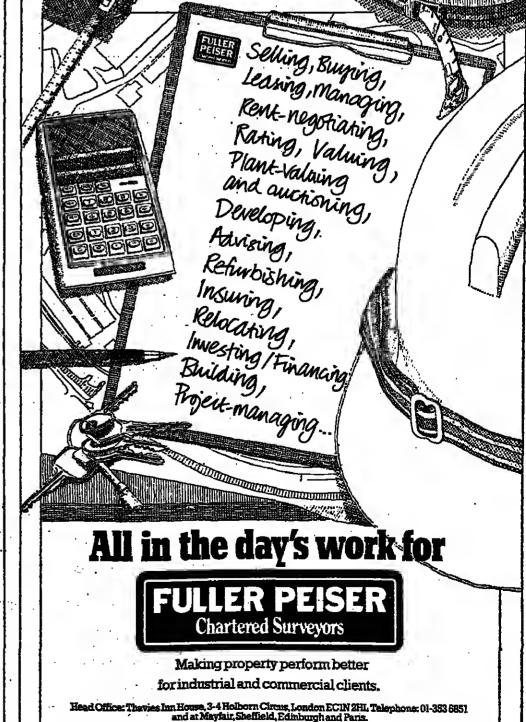
Among prominent Socialists defeated in the second round was M George Fillioud, the Minister of Communications, who has been at the centre of controversy over the quality of television programmes.

Prominent Socialists to winincluded Mme Edith Cresson, the Minister of Agriculture, and M Jean Auroux, Minister of Reflecting the importance of

the vote as a test of the Government's standing, turn-out yesterparties were doing less well day was about 69 per cent—than in the first round last marginally above last week's week when they won 49.59 per which itself was a post-war record for cantonal elections. 52.50 per cent when the same Politicians of left and right have week to supporters. Reflecting the Government's

disappointment at last weekend's first-round result, President Francois Mitterrand was unofficially reported to have described it as a "setback" and warning.

Among the factors that came Continued on Back Page Editorial comment, Page 20



Laker abandons plans for a 'people's airline'

the total

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SIR FREDDIE LAKER has pany, Brenpage, which he set ananuoued—at least for the up when Laker Airways col-time being—plans to set up a lapsed early in February.

"people's airline."

This does not read the set They have set up a joint com-pany, Sir Freddie Laker Ltd,

a capital of £10,000, of which Sir Freddie is putting up £5,000. The company will start work immediately, handling a range of aviation husiness, from airforeign exchange market to support the franc. The Belgian-franc was also weak, as was the

for the immediate Aviation Authority be is with- Airways.

Instead, be is going into busi- airlines, such as British Cale- starting date for a new people's ness as an aviation consultant onian an Dan-Air, will have a airline would be mid to late in partnership with Lonrho. smoother passage in trying to summer. take over the former Laker licences on the North Atlantic an European routes.

Those airlines must proceed with their own individual applications for licences. There are so many of these that the public hearings already set by the Civil craft leasing to business travel. Aviation Authority to start on It may later promote charter. May 4 will go shead. They dights. It will be based at promise to be long and vigorflights. It will be based at promise to be long and vigor. Sir Freddie's view all along toncho's City offices.

Sir Freddie's original plans least seven arrives are in licences was the most important. to get back into the airline volved, and these are objections business after the collapse of and counter-applications from Laker Airways have been other airlines and outside parties. Including some individfuture. He has sold the Civil usis who are creditors of Laker

drawing applications to transfer Sir Freddie had originally the former Laker Airways thought of getting back into the route licences to another comair by April. But the statutory

licensing procedures, which the Civil Aviation Authority has insisted it must adhere to, made it obvious that a more likely

By then, however, the peak travel season would have been in first flood with most passen-gers booked on other airlines. Any Laker operation, would have been started at a strong disadvantage — a "rewardless exercise which could not be a financial success." Sir Freddie said at the weekend.

licences was the most important single step towards getting any airline off the ground. Raising the cash was "not a problem." But the Civil Aviation Authority has equally strongly addition to the route licences,

made it clear all along that in any Laker airline would need an Continued on Back Page

Moves to speed cable television development expected today

Whitehall, where they are re-

garded as too risky and ambitious. The timetable for

publishing them is now un-

BY GUY DE JONQUIERES

THE GOVERNMENT plans to announce moves today to speed the development of cable television. But it appears still to be besitating about a much more ambitious plan to stimu-late massive investment in modernising Britain's communications network.

The Government is expected to announce that it is setting up a committee to report on the likely implications of allowing cable systems to widen their activities beyond tha transmission of normal BBC and commercial television broad-The Industry Department had

hoped to publish the outlines of a strategy which includes proposals to restructure British Telecom and to involva outside investors in a scheme to rewire the entire country at an estimated cost of £25bn in the oext 20 years. But the proposals, part of a discussion paper on future tele-communications policy, are being resisted elsewhere in

Instead, the Government is expected to base its decisions today on a report prepared by the Prime Minister's Informa-tion Technology Advisory Panel, which focuses only on

cable television. It calls for a relaxation of official restrictions on cable television which, it says, could acon grow into a filbn a year industry and provide the means

for distributing data communi-cations and electronic informa-tion services to private homes. Unlike the Industry Department's paper, however, the advisory panel's report views the development of cable as aeparate from British Telecom's network, with which it would be likely to compete eventually. It leaves open the question of whether British Telecom should be allowed a role in cable tele-

The report was strongly criticised yesterday by Mr Bryan Stanley, general secretary of the Post Office Engineering Union. He said unless the expansion of cable television were planned in conjunction with British Telecom, it could prove "a very

expensive mistake." British Telecom is divided about its own role. It would like to be involved in cable television but it is sceptical about proposals advanced by Mr Kenneth Baker, Minister for Information Technology at the Industry Department, to link private houses with fibre optic cable which would permit twoway video conferences.

The committee, which the Government is expected to announce today, might examine British Telecom's role. It is likely to concentrate, bowever, on the implications of an expansion of cable television for the quality programmes

Hard times hit children's pockets

child gets less than 95p a week
— 16 per cent less than the £1.13 of a year ago.

A Gallup survey for the ice

shows that the curb on parental generosity has hit Northern and Scottish children and teenagers, particularly bard. The survey, which looks at pocket money for five-to-16 year-olds, shows that Northern and Scottish children have seen average pocket money fall from £1.18 a week to less than 78p. Teenagers pocket

money, nationally, bas fallen by

26 per cent from £1.73 to £1.28. It was in 1975 that Wall's

started the survey of this "significant group of con-

money. In recent years, girls have fared better than boys throughout the age groups. At the moment the average girls gets 24p a week more than the cream side of Birdseye Wall's average boy. The last year bas also seen

> worse off than at the end of the 1970s," says Wall's The survey shows that the social background makes little difference to the average pocket money, but indicates that Southern children are suffering less from the squeeze than those

This means Southern youngsters are on average more affluent than those from other regions for the first time. Io the past children from either the Midlands or Scotland and the North of England have fared best.

For the second year running children from the Midlands and Wales are having to make do with less pocket money than in the previous year.

When it comes to earning extra pocketmoney, the ontlock for children in the regions

Presumably the levels of adult unemployment in the Millands and Wales, and Scotland and the North, are reflected in fewer Saturday jobs and paper

BRITAIN'S CHILDREN are to-seven year-olds who have in the Midlands and Wales baving to make do with less fared best, with an average (down 11 per cent) and only pocketmoney. The average UK quadruling of their pocket

friends and relations being less generous with additional payments. There has been a fall in average earnings from Saturday and paper rounds. Children are now considerably

in other regions. Their average sumers," who bave almost in other regions. Their average £500m a year in pocket money pocket money is £1.09 (down 4 alone. Since then it is the five- per cent), compared with 91p rounds for youngsters,

other than the South is depressing.

West Bank protest continues despite Israeli clamp-down

BY DAVID LENNON IN TEL AVIV

commercial strikes continued throughout the Israeli-occupled West Bank of the Jordan yespunitive measures against are outspoken supporters of Palestinians protesting against Palestinian independence, the dismissal of one of the Other mayors are consider region's elected mayors and the killing of a demonstrator.

Curfews and restrictions on the movement of many residents were imposed by Israel yesterday. People living In three towns north of Jerusalem were prohibited from crossing to or from Jordan over the river bridges.

- Tension increased sharply after soldiers shot dead one young demonstrator in El-Bireb on Saturday and harassed his funeral procession by firing tear gas at the mourners.

The protests followed the dismissal of Mr Ibrahim Tawil.

Israeli soldiers fired at the mayor of El-Birch, because of legs of demonstrating Paleshis refusal to meet the Israeli "civilian" administrator appointed in November to replace the military governor. The Palestinians regard this appointment as part of an Israeli attempt to impose autonomy on the region under Israeli rule.

VIOLENT demonstrations and also been fomented by Israeli attempts to promote a new collaborationist leadership on the West Bank to replace the terday as the army intensified elected majors, most of whom

> Other mayors are considering resigning in solidarity with Mr Tawil Mr Karim Khalaf, mayor of Ramallah, said yesterday that his town council had already decided to resign, but was waiting for the appropriate moment to notify the occupation

authorities. The Israeli Cabinet yesterday discussed the disturbances after hearing a report from Mr Ariel No details were released but it is known that Israel is considering dismissing other nationalistic mayors and totally closing the bridges to Jordan

timian youths who threw stones at Israeli army patrols and burned tyres in the atreets of a number of towns. The trouble also spread to the Gaza Strip where 40 Palestinians were arrested after a violent demonthe region under Israeli rule. stration in support of the West The spate of disturbances has Bank Arabs.

Autonomy talks postponed after Jerusalem dispute

BY OUR CAIRO CORRESPONDENT

THE LATEST round of talks Israel's unilateral declaration due yesterday between Egypt, Israel and the U.S. on self-rule for the Palestinians bas been postponed, because Egypt refused to accept Jerusalem as the venue for the talks.
Egypt also expressed "great

esident Hosni Mubarak of gypt yesterday approved death sentences against five Moslem fundamentalists for their part in the murder of President Anwar Sadat last October, Renter reports from Mr Mubarak also approved prison sentences against 17 others.

concern" at mounting tension the occupied West Bank which it said would prejudice the possible future participation the Palestinians in talks on autonomy.

The problem over the Begin, the Israe Jerusalem venue arises from Minister, last week.

that may lead to fresh efforts

to resolve the decade-old con-flict between his country's predominantly Christian popula-tion and its 5m Moslems.

The majority of the estimated 250,000 Filipinos working in

After a one-day stop in the Middle East are employed Jeddah on Saturday Mr Marcos in Saudi Arabla. The two was welcomed in the Saudi countries are expected to aign

ne Saudi Press Agency and operation before Mr Marcos, newspapers in the kingdom left who is accompanied by 14 moslem autonomy in the Philipines is high on the accompanied on Wednesday.

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County Bank Limited

that the whole of the city is its undivided capital. When the Jerusalem Bili was passed by the Knesset in July 1980 Egypt broke off the autonomy talks for nearly a year. Egypt maintains that the

talks should cover the future of all the 12m Palestinians living in the West Bank and Gaza Strip, including those In East Jerusalem, captured by Israel in 1967.

latest disagreement comes shortly after a similar row over Israel's insistence that President Hosni Muharak should include Jerusalem in his itinerary for a planned visit to Israel. His refusal bas led to the postponement of the trip

to an unspecified date. Mr Ali discussed this and the arrangements for Israel's final withdrawal from Sinai next with Mr Menathem the Israeli Prime

Saudi pressure on Marcos likely

President Ferdinand Marcos of of his talks with Saudi leaders. mittee set up by the 43-nation the Philippines has begun a The Philippines bave development Conference Organisa-four-day visit to Saudi Arabia loped close relations with tion to belp bring an end to the

Saudi Arabia in recent years.

Mahatir calls Malaysian elections

By Wong Sulong in Kuzia Lumpu

MALAYSIA'S Prime Minister, Dr Mahatir Mohamed, announced last night that Par-liament would be dissolved on March 29 for general elec-tions to be beld within 60

days.

He made the announcement after taking the chair at a meeting of the ten parties comprising the ruling National Front coalition. The Front controls 137 of the 155 seats in the federal Parliament and also dominates the 13-state legislatures.

Dr Mahatir said the state assembles in the II West Malaysian states would also be dissolved, but those of Sabah and Sarawak in East Malaysia would continue since they had elections two years

The Prime Minister has several times indicated that be wanted to seek an early mandate since he took over from Tun Husseln Onn eight months ago.

One of Dr Mahatir's prime considerations will be the state of the economy which is expected to deteriorate further as weak commodity prices continue. He has not been able to push through his policies as fast as he wished because of obstruction from the "old guard" entrenched in positions of influence at federal and state levels.

Swiss exports hit by stronger franc

By John Wicks in Zurich

FOREIGN demand for Swiss capital goods and domestic investment activity fell in the final quarter of 1981, according to a report from the Government's economic study commission in Berne.

Export business was hit particularly by the streng-thening of the Swiss franc against all other major currencies. The commission adds that foreign demand will keep falling if the exchange rate remains at current levels, especially in

relation to the D-Mark. . The commission foresces a Tall in Swiss production, as a result of the deterioration in order volumes, excessive stocks and the expectation of a further drop in orders in the coming months.

guerrilla war waged for Moslem

self-rule by the Moro National Liberation Front (MNLF) in the south of the Philippines. The Islamic Conference Organisation, which has head-quarters in Saudi Arabia has

quarters in Saudi Arabia, has repeatedly urged its members

to "exert political, social and

economic pressure" on the Philippines to implement an

agreement concluded in Libya

in 1976 that called for autonomy

in certain Moslem areas.

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22nd March, 1982

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FESTIVAL OF INDIA OPENS TODAY

Thatcher hopes to heal rifts with Gandhi

THE IRON ladies of East and West meet for what both sides hope will be a friendly joust week when Mrs Indira Gandhi, India's battle-hardened Prime Minister, comes to Britain for her second meeting with Mrs Margaret Thatcher.

The last time the two first ladies met they disagreed about almost everything. Little has changed since but, this lime Whitehall and Number Ten appear to be going all out to ensure that no blood is spilled.

The meeting takes place against the background of the Festival of India, which Mrs Gandhi will inaugurate at the Festival Hall today. This unique event is likely to dominate the Arts in Britain for eight months.

The festival also has an underlying political significance. Both governments hope it will help to smooth relations between Britain and its former colony. Since the end of the Raj in 1947 these have been prickly and sometimes downright hostile . It is also hoped that the fes-tival will belp community relations in Britain through a sympathetic portrayal

Mrs Thatcher is said to be devoting a "wholly unusual" amount of her time to the since 1978 reaching £213m in Indian Prime Minister in what the same year.

Indian culture.

seems to be a major fencemending exercise. However, only two bours of formal talks are scheduled for the week,

Mrs Gandhi is not bringing any ministers with her which suggests that, on the political front at least, each regards the other as irredeemable.

The two leaders clashed on the key foreign policy issues of Afghanistan, the Victnamese invasion of Kampuchea and the U.S. plan to rearm Pakistan as part of its efforts to forge a defence line against the encroachment of Soviet power, when Mrs Thatcher was in Delhi last year. The Tory Government's Nationality Act

was also a source of friction. Whiteball officials insist that the two "get on very well personally," one reason being because they are both "strongheaded" and "like a good Be that as it may, the talks on

the economic front are likely to prove more fruitful as India begins to look to the West for technology, expertise and finance. Britain remains the single largest aid donor to India, Gross payments reached £140m in 1980-81. Britain's visible trade surplus with India has risen

Britain hopes to make some progress on these during this week's talks. The Indians, for their part, are attaching greater impor-

Mrs Indira Gandbl:

battle-hardened

as a goodwill exercise. At the people to India's space fro-time Mrs Gandhi had been flung, gramme and is a stark remin intu the political wilderness by an electorale incensed at the excesses of her emergency rule in the mid-1970s.

The emergency—this is her fire visit since then—made Mrs. Gandhi deeply unpopular in Britain where millions of people retain links with India. The festival may help to improve

There have been complaints from Indians in the UK who feel they have been excluded by the organisers because of their past or present opposition

to Mrs Gandhi. The Indian Prime Minister is likely to face a picket of Indian workers when she arrives at the Festival Hall with Mrs Thatcher this evening.

Each government is spending

over £1m to subsidise the events which range across the spec-trum of Indian life. They include exhibitions at the Lon-The potential for contracts is considerable-including the possibility of India buying more don museums and art galleries, Jaguar fighter aircraft - and lectures, concerts, arts and crafts shows, dance and drama all drawn from a central theme which is the continuity of India'a civilisation from the 3rd millennium BC to the present.
The festival includes cameos tance to the festival which was ranging from the village life of conceived in 1978 by the then

Labour and Janata Governments most of the country's country der that the country of Gandhi and Nehru remains a volatile

mixture of progress

Artists and troupes as well as dozens of priceless treasures are being flown to Britain for the festival and Britain's schools and colleges are being encouraged to participate.

British companies

doubt with an eye to the growing market in India .- have put up plenty of money. So far f400,000 has been collected although this also includes donations from Britain's Indian community.

British Acrospens, Davy McKee International, Standard Chartered Bank and Northern Engineering industries all of whom have a big state in India, are sponsoring an establition of Indian scientific achieve. ments at the Science Consum Others, Including Carelay, Bank, Grindlays and Bessey sponsoring ... are

For a taste of British acture Mrs Gandhi is being taken to see the West in the stom-panled by Mr Doughes Hard: a junior minister at the Foreign

Austrian banks reject Soviet credit request

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

A SOVIET bid to raise a\$150m (£83m) credit has been firmly rebuffed by Austrian banks. Bankers in Vienna confirmed credits to Russia for a maxi-over the weekend that the mum of Sch 10bn (£333m) Soviet Union had asked for the cash credit in connection with the recent Austro-Soviet protocol setting out the availability facing the Soviet Union that the of Austrian export credit protocol was accompanied by a guarantees to Moscow over the

next two years.

The Russions were told that now was an inappropriate time. Two weeks ago East Germany to discuss such a credit, the was reported to have failed in bankers said. "We tried to efforts to raise a \$300m financial stop the conversation imme-credit from international banks. diately," one added. "We didn't want to talk about financing that was unrelated to Austrian.

total the Austrian Covernment has agreed to guarantee export between now and the end of 1983. But it is seeo as a measure of the tight financial position

request for a cash loan. Similar stories are becoming common across Eastern Europe. As a result confidence in the creditworthiness of the Eastern

Under the Austro-Soviet pro- the region's most popular borrower has now suffered with-drawals of sbort-term credit facilities from international banks. Bankers say that until now

Hungary has been punctilious in sympathetic to Eastern Europe making international payments admit that the future for other making international payments on time but some are beginning to wonder how long even the region's stronger economies can bold out under such pressure.
"It's not the borrowers who

are causing the problems," said one London banker, "it's the banks themselves." He blamed particularly Arab and Japanese banks for cutting and running from Eastern Europe after Polish and Romanian debt Hungary's problems may be mitigated by the fact that it is now expected t or each agree ment with the International Monetary Fund on membership by early May, but even bankers countries in the region looks

A test case will be Yugoslavia's request for a cerdit of DM 200m (£46.7m) from German banks and \$150 from French institutions. If banks in these countries agree, there is a chance that Yugoslavla may be able to revive its project to raise a large syndicated credit from U.S., British, Canadian and Japanese banks.

Enders firm on Salvador guerrillas

THE U.S. will talk with the E Salvador opposition only about stitutional plans of the cheatry's present Government. Washing ton refuses to discuss disting power believen all the factions with guns.

This tough rejection at offer to negotiate from the superillas who control about a mark of the country was specified by Mr Thomas Sadars, terday by Mr Thomas Sadars, of the U.S. Assistant Secretary of State for Inter Macrican Affairs.

In a television interview in London he said: "If you are going to have a democratic process which distributes power in society according to elections you cannot grait on be that deals by which those people who have guns obtain a short of power simply because that the

He added: "We will not per ticioate in negotiations that are designed to allocate nower to the several factions." Er Enders said he welcomed " contacts that will facilitate participation in emerging democratic. the

institutions." He admitted that the U.S. had; abandoned all bope of end to its concern over Central America. He forecast it could take a period of ye matters right. He beyond previous Admi statements that the U.S. would not send troops to the ree by strongly criticising the intervention elsewhere in the past.

Anatole Kaletsky and from

Washington: The State Department has issued an 11-page document giving detailed sup-port for its contention that Cuba is arming the ET Salvador guerrillas and that Nicesum is the guerrills' centre con-mand and control.

The evidence included disalls of arms caches select in Josta Rica, Honduras and Materials. all of which could all

bloc has diminished to the point Polish a where even Hnngary, arguable problems.

Power rationed as NSW

workers defy union BY MICHAEL THOMPSON NOEL

POWER CUTS and ratiooing in cent pay increase in preference.

work bans.

Industry in the state has been put on a four-day week, affecting more than 500,000 workers.

Mr Neville Wran, the state

dustrial commission today.

The New South Wales Manufacturers, which has criticised the State to earth after a week in space.

more than 100 Electricity Com-mission workers throughout the state defied union calls to end a bearing before the state in-

Mr Neville Wran, the state Government's plans for indus-Premier, has refused to capitu-trial power rationing, says the late to a demand from salaried dispute could cost industry power workers for a 13.44 per A\$50m a day.

Irish interest rates call

THE IRISH GOVERNMENT of rates Mr Charles Haughey will come tomorrow. under pressure to subsidise mortgages when the 2 per cent jump in commercial interest

Banque Nationale de Paris

Manufacturers Hanover

Nomura International Limited

Union Bank of Switzerland (Securities)

Morgan Guaranty Ltd

Deutsche Bank

comes

The new rates, which range from 19 per cent for prime commercial borrowers, to 22 per cent for ordinary overdrafts, give Ireland the highest interest rates in Europe.

There have already been calls from industry and agriculture for the government to guarantee exchange rates.

due to blast off today BY DAVID LASCELLES IN NEW YORK THE SPACE shuttle Colombia and the landing has been

Space shuttle Columbia

New South Wales came into to the flat A\$35 (£21) a week is due to blast off for its third effect at midnight last night as negotiated between the state's mission at 10.00 am Eastern U.S. mission at 10.00 am Eastern U.S.

Although the countdown at Cape Canaveral was proceeding

switched to an alternative site in the New Mexico desert-the White Sands missile range. For the last three days, train

loads of Nasa equipment has been transferred from Edwards through Nevada down to White Sands at a cost of \$250,000.

Heavy rain has waterlogged the usual landing site on a dried-oot lake at Edwards airforce and Col Gordon Fullerton who base in the California desert, will orbit the earth 115 times.

GM wage talks continue

BY DAVID LASCELLES IN NEW YORK

TALKS between General Motors and the United Auto Workers on a new cost-cutting wage deal continued in Detroit last night, after an all-night ses-sion on Saturday.

ever concessions they make on plants.

basic wage rates. But, unlike GMa main rival, Ford, which recently agreed to such a plan, GM is basically profitable

The second is the statua of the many car plants, which GM has already closed. The union There are two principal has already closed. The union sticking-points. One is profit-sharing. Workers want a share in the profits in return for what-

traced back to Cut

speculation that Mr John classic National Participated Vorsfer, the former Prime ents of indepedent transform Minister and State President, lands

Treurnicht leads breakaway party

BY J. D. F. JONES IN JOHANNESBURG

A NEW White political party of the extreme right — the Conservative Party of South Africa (CPSA) — was launched in Pretoria at the weekend under the leadership of Dranding Transpirit the average of the contract of the cont Andries Treurnicht, the ex-pelled Cabinet Minister.

The move follows a split in the ruling National Party. An ultra-conservative wing based in the Transvaal rebelled against any hint of "power-sharing" with the Coloured and Indian minorities and was ejected from the party.

The CPSA, for the time being,

brings together the Nationalist rebels, including 16 sitting MPs, the small National Conserva-tive Party of Dr Connie Mulder (a disgraced and senior National Party ex-Minister), the more ideologically inclined Aksie Eie Toekoms ("Action our Future"), and various right-wingers and quasi-fascists. Significantly, the new party does not include the well-established Herstigte Nasionale Party (HNP), which was formed in 1969 after a similar rightwing breakaway from the National Party and which at last April's election won 200,000 votes to become a substantial factor in Whita politics:

The leader of the HNP, the demagogic Mr Jaap Marais, is playing hard to get and is in-sisting that Dr Treurnicht tion, "said Dr Treurnicht. "We should come cap in hand if he wishes to pursue what seems to soclety and all efforts to bring observers an obvious strategy of about multiracialism in South a right-wing electoral alliance Africa. For us, it is unacceptagainst the government of Mr able that Whites and non-Whites P. W. Botha

The party was launched on



Dr Andries Treurnicht:

Saturday at a mass meeting of between 7,000 and 8,000 people in a building in Pretoria called, in Afrikaans, "Tortoise Hall," The principles of the CPSA ununashamedly hark back to the fundamentalist apartheid ideology that was expounded by

Dr Verwoerd, a generation ago.
"Healthy apartheid is being abandoned and we are being govern together." There has been sustained

Minister and State President, will add his support to the new party in opposition to his successor, but be did not appear at Saturday's meeting.

The 15-point policy plan of the conservative party, as expected insists on maintaining except supplied senaration with geographical separation with su each racial group baving its own su political institutions. For the Blacks, the party reiterates the

expelled from Cabinet.

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BY K. K. SHARMA IN NEW DELHI

to visit Moscow next month for talks on purchases of sophisticated weaponry from the Soviet Union and to the up the rights to manufacture MiG-23 aircraft

The purchase of the MiG-27 for the Indian Air Force will also be discussed and assurances will be sought that the Russians will continue to supply spares and components for the military hardware that they have provided for the Indian armed forces since 1971 when the 15-year treaty of peace and co-operation was signed between

the two.

The mission is a follow-up to the talks held in New Delhi last week when a Russian delegation led by Marshal Dimitri chased abroad. Ustinov, Soviet Defence It is for this Minister, held talks on in-wants to manudefence co-operation. In the 70-strong delegation were the Soviet air and naval chiefs and the deputy army

Marshal Ustinov, who is one of the most senior members of be replaced in the medium-term the Soviet Politburo, is underby the MiG-23.

AN INDIAN defence mission is stood to have promised substantial increased assistance to India to improve its defence in the wake of the U.S. decision to supply Pakistan with \$3.2bn worth of weaponry which includes the F-16 aircraft.

> India's armed forces are already equipped with large quantities of sophisticated Russian equipment which includes the MiG-21, the MiG-23 and the MiG-25 for the air force, T-64 tanks for the army and submarines for the navy.

However, India's pobcy is to achieve self-reliance in all weapons that it acquires and it is for this reason that it usually seeks manufacturing rights for the equipment pur-

It is for this reason that India wants to manufacture the Mig-23, which is the main fighter used by the Indian Air Force. The MiG-21 and its later version, the MiG-21-BIS, are already being manufactured in Indian factories but these are tn

Moves towards talks on trade in services

BY BRIJ KHINDARIA IN GENEVA

round of multilateral negotiations concerning trade and services such as insurance, tourism, banking, and transport, gained ground in Geneva last week with a decision to prepare a new UN study on barriers in such trades.

The study will be produced the UN Conference on de and Development (Unctad) as a contribution in ongoing International debate on whether the services sector warrants a new set of negotiations. It will be part of an Unctad programme analysing the impact of protectionism on world trade.

The study has been ordered by Unctad's policy-setting Trade and Development Board (TDB) which also discussed a separate Unctad report on world trade problems, including industrial restructuring in developed countries to meet competition from Third World

The report, which analyses trade figures from 1960 to 1980, says that services, the so-called invisibles" sector are the fastest-growing area of world Transport and insurance costs

MOVES TOWARDS a new growth of world manufacturing output-the "visibles" sectorslowed to just 3.7 per cent a year in the late 1970s, compared with 4.7 per cent yearly in the early 1970s and 6.6 per cent

yearly in the 1960s. The decision on whether to hold new multi-lateral negotiations—to be styled on the 1979 Tokyo Round, which reduced tariff and non-tariff barriers in manufactured and some agricultural goods-would come at a ministerial meeting of mem-bers of the General Agreement on Tariff and Trade (Gatt) this November. Even if current doubts are ironed out, the negotiations are unlikely to begin until 1984.

The U.S., a long-time supporter of the need to study the services trade, bas not gone so far as to suggest new multi-lateral talks. Japan alone seems keen for such negotiations.

Although most developing countries are lukewarm several would be willing to go along because of increasing awareness of the role of expensive services usually provided by Western-based companies in inflating their import and export costs. trade with a total worth of are of particular interest to

World Economic Indicators

		RETAIL	PRICES		
		. (1975	=100)		% change over
·	Feb. '82	Jan. 182	Dec. '81	Feb. '81	previous year
uk ·	230.4	230.4	229.T	207.6	11.0
	Jan. '82	Dec. '81	Nov. '81	Jan. '81	
W. Germany	133.4	132.2	131.8	125.4	6.3
France	198.9	196.9	195.8	174,7	13.8
Italy	277.3	273.8	270.7	236.0	17.5
Netherlands	149.1	148.4	148.4	139.0	7.3
Belgium	153.5	152.1	151.1	141.8	8.3
U.S.	175.2	174.6	174.1	161.6	8.4
Japan	145.9	145.8	145.7	141.3	3.3
•	So	urce: Euros	ters (except	U.S., Japa	an and UK)

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Hong Kong and U.S. in textiles agreement

By Robert Cottrell in Hong Kong HONG KONG and U.S. negotiators have reached a sir-year agreement on Hong Kong'a textile and garment

experts to the U.S. It provides for low growth in categories to be restricted quota covering roughly two-thirds of relevant export volume, but opens up the remaining third to a new system of "export authorisation." This amounts to an unrestricted monitoring system, with the provision for impos-

ing new restrictions if desired by agreed procedures. The agreement has yet to be ratified at government level, but both sides agreed that it should be implemented from today following its initialling by delegates at 6.30 am yesterday in Hong Kong. Back-dated to January 1, it runs until December 21, 1987.

It forms one of the bilateral agreements provided for by the Multi-Fibre Arrangement (MFA). Next month, Hong Kong begins its negotiations with the EEC.

Speaking of the new quotas, Mr Lawrence Mills, Hong Knng Trade Commissioner, said yesterday: "The growth rates are extremely low. They range from as little at 0.5 per cent per annum to 2 per cent, which is well below the standard 6 per cent rate provided in the MFA.

"However, the MFA does provide for growth rates at lower than 6 per cent, and in the prevailing circumstances in the U.S. we were per-suaded that higher growth rates on our quotas in many categories could have caused a recurrence of market dis-

Mr Mills estimated that the next year could see growth of in quota-restricted categories. These include commonplace garments such as shirts and trousers, and cover all categories whose anotes were fully utilised last year. No quotas have been cut.

The export authorisation system covering the remaining third of textile and garment exports allows the U.S. tn negotiate ad hoc restrictions with Hong Kong for the balance of a particular year, or agree new formal ceilings based either on the level of the previous year's trade or trade over a longer preceding period, in each case with an increase of 15 per

"The real test," said Mr Mills, "will be the extent tn which the trade can adjust to a new restraint structure, and take advantage of the new liberalisation, and I'm quite sure they will."

Soviet quotas take effect

By Our World Trade Staff REGULATIONS have been posted by the import licensing branch of the Department of Trade to cover the restrictions on imports to the UK from the Soviet Union follow-ing the EEC's decision last week in impose economic

sanctions. The restrictions came in-to force Saturday but do apply to imports covered by existing contracts, to those already in transit or to those for which import licences have already been issued. But there may be difficulty defining what is an existing contract

Soviet imports which had narestricted access to the EEC are now subject to a EEC are now subject to a quota of 75 per cent of 1989 imports. Where goods are already subject to a quota in a member state, the allowable quantity of imports is cut by half. If a member state did not have a restriction then the level of imports is set at 50 per cent of 1980. is set at 50 per cent of 1980

The goods involved in the restrictions include some manufactured foods, sanitary ware, television sets and some ther electrical equipment, ball bearings, toys, kraft liner paper and some glass and aluminium.

SHIPPING REPORT Tanker market remains quiet By Lynton McLain

UNCERTAINTY OVER the outcome of the meeting on Friday of the Organisation of Petroleum Exporting Countries Jed to a continua-tion of the quiet trading which had marked the tanker market last week.

the meeting would produce a

clear policy and the resultant possibility of stable trading. However, a considerable increase in demand for oil and oil products would be needed to boost tanker charter rates. Despite the uncertainty, several large tankers did win work from the Gulf, although at low rates. A 350,000 tonne vessel was chartered at World-scale 18½ for discharge in Japan and a 220,000 tonne vessel gained Worldscale 21,

again for discharge in the

LEIPZIG TRADE FAIR

A mirror for shifting moods

Opening day: Western bankers say no one is sticking to OECD's recommended minimum interest rate for supplier credits to Soviet Union — currently 10.5 per cent. The Russians are said to be paying 7.8 per cent on eight year Austrian loans for a deal just signed by state-owned Voest Alpine to build \$500m steel plant in the Soviet Union.

Soviet Union.

Another publicly owned steel and engineering company. West Germany's Salzgiter, is said to have lost out because if could not match this financing. Bankers note Voest is having to absorb difference between the interest which the Soviet Union is paying and the 9.8 per cent rate offered in export finance by Austrian Government. At Soviet Pavilion, the usual

growth figures not displayed this time. The modernised Pavilion. resembles an enormous Howard Johnson's motel in the U.S. Soviet special exhibit is devoted to Soviet Georgia. Friendly Georgian from Tiflis points to massive laboratory machine, and says it has been chosen for a gold medal award at the fair. Conversation turns to one J. V. Stalin, a well-known native son. The encouraging Georgian, explaining his countryman's excesses," says: "You must remember, we are partly Asian."

Big Western guns arriving in Leipzig and more to come: Otto Wolff von Amerongen, head of West German Chamber of Industry and Trade; Count Otto Lambsdorff, West Germany's Economics Minister; Walther Leisler Kiep, the CDU opposition's economics specialist, and West Berlin's CDU economics chief. There appears to be no drop in West German interest to revive East-West trade which, it is boped, is only temporarily in the doldrums.

British exhibitors, 65 of them, get high marks for effort from Herr Erich Honecker, the East Feeling is payments came in German leader, who stops at order to lure back Western

PARTICIPATING in the four-day-long Leipzig International Fair, the world's main East-West trade fair, can be an exhausting experience. But many representatives from companies in Eastern and Western Europe have done it in both spring and autumn, year-in and year-out since the East German fair was revived after the war in 1947 after a run of nearly 800 years. Leslie Colitt, our Berlin correspondent, tells of his experiences at the fair which just ended yesterday which he has attended for a modest 15 years

however, is bidding on a wheel cow, itself, is in danger of rim plant to be built in declining to zero effective Thuringla against strong West growth this year. German competition.

cerns return to more modest DM 12 berths in private Lelpzig homes. Here they guzzle beer with the hospitable Leipzigers and relearn bow to cope with a coal-burning water heater while band-showering in a crouch. One picks np latest joke: "Why dld the Poles return the relief packages we recently sent them? "Answer: "Because the parcels contained work

Many Westerners staying with East German families for the first time never cease to be amazed by the way their bosts get up around 5 am and are ready to start work at 6 am or 7 am.

Second day: Western book publishers, bere for the Leipzig Book Fair, say Poles bave paid millions of dollars to amazed Western publishers from whom they buy mainly technical books.

exports to GDR consisted of to predict when Polish produc-£40m in silver purchased on tion might recover, and several London Metal Exchange. GKN, East Europeans note that Mos-

Signs on East German build-Exhausted exhibitors and visitors heading back toward their Leipzig quarters. Bankers and other top company executives enscanced in DM 120 per night hotel rooms while executives from smaller Western control of the property of the property

But Leipzig during the fair also tolerates diversity as shown by excellent student cabaret where girl says to loud audieuce applause: "You can't always be a GDR citizen, sometimes you bave to be a buman being." East German churchmen

echoing prevailing mood in East and West Germany, says what-ever happens in Poland the Poles should "not furget one factor, the importance of work." Perhaps Soviet-style socialism does function so much better in East Germany than elsewhere because of Martin Luther's legacy of two separate worldsspiritual and temporal.

An East German about 50 years old at the technical fair gazes up at a giant West German Gottwald crane soaring 78 metres over the fairgrounds and exclaims: "What a beautiful thing."

Back in the Soviet pavilion UK stand. UK trade with East exhibitors to Warsaw's Book several of latest Soviet machines Germany was down last year Fair if it is again held this displayed turn out to have over 1980 when nearly half UK spring. Otherwise, no one cares Polish-made components such displayed turn out to have return bome and, amazingly, it

as casings and electromagnetic clutches. This illustrates how problems in one Comecon country can affect all the others involved in the integration

Third day: Klaus von Dohnanyi, the Mayor of Hamburg, jolts some guests at the Hamburg harbour reception in Leipzig when he notes that both German states are jointly responsible for reducing the massiv pollution of the Elbe

river.

Ride the tram for the 10th time at 20 pfennigs a ticket. Seems that story in main party newspaper that freight being carried at night by tram in Leipzig to save fuel is somewhot premature as it was only a trial run. Despite dirt cheap public transport, East Germans are eager as ever to huy exorbitantly priced cars and wait for them

Fourth Day: Sign of the times in East Germany—a hardware store in the Karl Liebknecht Strasse has a petrol-powered lawn mower in the window for DM 705 (£170). Count Otto Lambsdorff meets Guenter Mittag, East German economics chief. They discuss renewal of DM 850m interest-free credit to East Germany allowing it to overdraw its trade account wilb West Germany. Also talk about electrification of West Berlin-Helmstedt rail line across East Germany at large West German cost. Bonn would like to sec political concessions from East Berlin, in return, such as a reduction in border currency exchange requirements for Westerners entering East Germany, West. German sources say there is no sign of this about to bappen.

Depart Leipzig, city of Bach and the Leipzig Fair, with a first-rate "fiu" which East German hosts insist should be treated with their Vietnamese Golden Star aromatic balm, made in Hanoi. Apply it on pulp plant in Indonesia

French set

for \$860m

A FRENCH-LED consortium of engineering companies has signed a letter of intent for an \$860m pulp project in Indonesia, which is expected to produce \$400m worth of work for the European partners.

The pulp complex, due to be built in the south of Borneo. is to be 51 per cent controlled by non-Indonesian interests. Among these, the consortium of French, West German and Finnish companies is to take the minority share alongside international banks and insti-

tutions. The World Bank's International Finance Corporation has been asked to take part in the

The ocnsortium, headed by Sogec, an engineering unit owned by French construction interests and banks, comprises the French companies Grands Travaux de Marseille, Leroy-Somer and Fives-Call Babcock, West Germany's Siemens, and Rauma-Repota of Finland.

The complex construction of which is to start next year. will have a production capa-city of 250,000 tonnes a year. This is to be made up of 100,000 tonnes of fully-bleached long-fibre pulp for the export market, plus 70,000 tonnes of printing and writing paper, and 80,000 tunnes of Krast paper for the domestic Indonesian market. The principal engineering role

is to be taken by Grands Travaux de Marseille, which will also bave responsibility for the paper unit, with the Finnish partner handling the pulp side of the project. According to Sogec, it is fore-seen that 30 per cent of the total investment cost will come from equity capital —

The Alternative Approach to Banking

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London rate rises highest in Tory councils

A COMBINATION of tactical errors and the vagaries of the Government's system of allocating grant to local authorities left all the major London rate rises in this, a crucial election year, in Conservative-controlled boroughs, Almost all Labour councils are setting rates for 1982-83 at well below the inflation rate. The upset has caused

embarrassment at the Environment Department, anger among London Tory horoughs and London Tory MPs and led, finally, to the intervection of Mrs Thatcher to insist on 20 extra £25m hand-out to London without which some Tory councils would have been in an even worse rate-fixing mess.

Rates are important in election years because the bills go out in April and local elections are held in early May. All London boroughs go to the potts this year, with metropolitan district councils.

Councils traditionally levy hgher rates than necessary in pre-election years, putting some This usually reappears in elec-tion years to subsidise the rate

But since the Government came to power, Tory-controlled councils have been responding more eagerly to demands for expenditure and manpower cuts than Labour councils. They have tried to keep their spending and rates as low as possible with the result that they have nothing in balances.

But the complicated and un-predictable system of block grant has consistently worked against thrifty Conservative councils, particularly in Lon-Westminster, Wandsworth Kensington and Chelsea treated exceptionally

A CONTINUING steady de-

ings certificates last month.

yielded £275m in net receipts

receipts and the 23rd issue of

latter issue, withdrawn on year.

for national savings.

Council ·						
	Control	Total commercial		Change	Average domestic rate bill	
	•	1981-2 P	1982-3* P	%	1 9 81- Zi £	1982-3 £
City	Ind	121.7	143.0	17.5	429	559
Camden	Lab	179.6	192.4	7.1	578	624
Greenwich	Lab	150.6	179.56	19.2	275	348
Hackney	Lab	183 <i>.</i> 7	198.0	7.8	399	447
Hammersmith/Fulham	Con/Lib	151.4	1 74. 8	15.5	334	339
Islington .	SDP	162.2	İ	‡	424	‡
Kensington/Chelsea	Con	130.0	152.9	17.6	565	711.50
Lambeth	Lah	191.0	186.0	2.6	422	415
Lambeur Lewisham · .	Lab	175.12	176.6	0.8	353	367
Lewishum Southwark	Lab	186.2	197.5	6.1	367	403
Jouthwark Tower Hamlets	Lab	171.0	186.0	8.8	382	419
Wandsworth	Con	117.8	132.5	12.5	248	285
Westminster	Con	120.6	141.6	17.4	480	614
Barking/Dagenham	Lab	148.0	150.0	1.4	281	285
Barnet	Con	119.5	140.5	17.6	366	442
	Can	141.5	158.5	12.0	284	323
Bextey	Lab	197.63	206.0	42	456	528
Brent	Con	115.0	133.0	15.7	779	331
Bromley	Con	98.0	112.0	143	241	283
Croydon	Con	131.0	142.0	8.4	304	334
Ealing	Con	128.0	146.5	14.5	296	346.50
Enfield		207.2	226.8	9.5	473	522
Haringey	Lab	152.5	169.5	11.1	405	456
Hartow	Con Con	137.0	150.5	8.3	372	352
Havering		131.33	153.25	16.7	301	359
Hillingdon	Con	131.33	166.0	0.0	320	380
Hounslow	Lab	1 19.0	130.0	9.2	286	317 -
Kingston -	Con	116.5	139.0	19.3	269	331
Merton	Con		215.0	9.7	364	406
Newham	Lab Con	196.0 123.5	134.5	7.7 8.9	293	324
Redbridge	Con	103.0	126.62	72.9	243	310
Richmond ·	Con	115.5	137.5	9.0	265	325
Sutton Waltham Forest	Lab	186.0	205.0	10.2	386	430

* Poundages Include GLC, ILEA and police pracepts. Romestic rate poundages are 18.5p less except City (35.3p less) and Westminster (25.9p less).

† Excluding supplementary rates.
Individual rate bills can be calculated by multiplying the rateable value by the rate poundages.

‡ Islington's rate fixing meeting collapsed without setting a 1982-3 rate.

severely by the 1981-82 grant share-out, and although much more money has been allocated to London this year they have again fared badly. In addition; there have been

unexpected multi-million pound windfalls in housing subsidy

March 10, offered a net yield of

The National Savings Bank

Investment Account . yielded

Government's funding require-

only £11.6m net,

CONTACT LDEA. (Scunthorpe's Industrial Development and

Enterprise Agency) and discover the happy fusion of work and leisure hiestyles only found in an industrial town-in-the-country.

National Savings yielded

mand for both the index-linked 10.51 per cent — the highest and conventional National Saver for a Savings Certificate.

—still known as Granny Boods
—accounted for £162m of these receipts and the 22nd leaves

conventional certificates proments to £3.8bn in the first 11 duced another £100m. The months of the 1981/82 financial

Get the L.D.E.A. portfolio Send coupon to Sainthorpe

I.D.E.A. office, Civic Centre, FREEPOST, Scunthorpe, South Humberside DNI.6 IBR.

For further details contact: Ian M. Hutchison, C.Eng., DipTP, MIMONE, M.RIFI., Industrial

Development and Enterprise Agency, Civic Centre, FREPOST, Scinthorpe, South Humberside, DNI6 15R. Telephone Scunthorpe (0724) 62141 Ext 251 Telex 527733 Scubor G. FT 9

£275m in February

councils with much more cash in hand than they expected. The principal beneficiaries are those with the heaviest housing Labour-controlled responsibilities mainly

Insolvency law

recommended

By Duncan Campbell-Smith

THOROUGH REFORMS, of

insolvency law are recom-mended in the final report

presented to Mr John Biffen.

Trade Secretary, by the In-

solvency Law Review Com-

The suhmission of the

report completes the work of

the committee appointed in 1977 under the chairmanship

The recommendations, made

in two stages with an earlier

report submitted last summer, amount to "a major study

with ramifications throughout

the entire legal system," Sir

"We cannot canvass our ideas before the Government

has seen them bui we are cen-

fident that both parts of the report will be published in full, perhaps in the early

Meanwhile, the Department

of Trade must take stock of

two is an inch and a-half

thick — prepared by a committee with 30 members, assistants and advisers. Their recommendations aim at three

To offer new ways for

third parties to help a strug-

gling company.

To introduce quicker and

simpler treatment of personal

• To extend the ambit of

voluntary insolvency to require the formal involve-

ment of the courts only in

those cases where public

interest is concerned.

major changes:

Keuneth sald yesterday.

of Sir Kenneth Cork.

reforms

mersmith and Fulham which Some 15 councils are plana Conservative-Liberal

payments in 1981-82, leaving ning to increase their general rate by more than 11 per cent -the current inflation rate-in 1982-83. All are Conservativecontrolled except Greenwich (Labour), the City, and Ham-

alliance. The lowest Tory rise will be 8.3 per cent (Havering), whereas several Labour councils have rises under 5 per cent.

-All the rises include the levy for the Greater London Council, Inger London Education Anthority and Metropolitan Police, which masks the fact that many councils this year are cutting the local part of the

But even including these precepts, one council has managed a rate reduction of 2.6 per cent. It is Lambeth, regarded as the most extravagant and profligate Labour council.

It has strict each limits lo every department, is not filling vacancies and is cutting spending wherever possible in an attempt to try to retain control of a council which is regarded by the SDP as prime territory for gains.

Tory councils, in spite of their difficulties, will still be sending out rate bills which are in many cases smaller than those for comparable properties in Labour areas because the Tories have mainly kept the base rates low.

Ratepayers in Richmond, for example, face the steepest risc in London — 22.9 per cent — but last year there was no rise. The average domestic hill continues to benefit from last year's standstill and so will be only £310 in 1982-83.

Kensington and Chelsea, on the other hand follows last year's rise of 42 per cent on the general rate with another 17.6 per cent. The effect on comestic ratepayers will be an average bill of £711, the highest in Britain.

One council, the SDP-controlled Islington, failed at the last minnte to fix a rate last week hnt is having another

Prior faces decisive battle over N. Ireland legislation

BY MARGARET VAN HATTEM

MR JAMES PRIOR, the parties are resisting his Northern Ireland Secretary, preposals. While all appear faces a decisive battle with the tor legislation this summer to main Catholic party considers the province.

Although legislation is not convinced that the Government for legislation this summer to set up devolved government in the province.

essential for setting up the assembly he envisages, their decision is crucial to his chances of success. For it will be widely interpreted as a vote of confidence in his plans for transferring power to local politicians. politicians.

But Mr Prior could meet much opposition from several ministers, including the Prime Mioister, who have yet to be convinced that his plan has sufficient chance of success.

In considering his draft Bill Should he succeed, the deci-and White Paper, they will slon would almost certainly be possibly say all the main endorsed by full Cabinet the Northern Ireland political following week.

prepared to contest the autumn Prime Mioister and senior elections, the Unionist parties Cabinet colleagues on Thursday intend to use their seats to when he seeks their backing fight for majority rule and the

must show it will not be put off hy these traditional objections, his colleagues fear another failure in the province would damage its general

should he fail to win their support, they are likely to delay legislation hecause of insufficient time. However, the collapse of opposition to the Carada Bill has left the Government with a relatively light programme.
Should he succeed, the deci-

NatWest defends growth in banks' personal loans

BY WILLIAM HALL, BANKING CORRESPONDENT

OFFICIAL CRITICISM and Personal lending offers the spending has heen rejected by National Westminster Bank, which with its rivals is enjoying a hoom in lending to the

personal sector. There has been growing concern in recent months that the High Street banks are concentrating increasingly on lending to personal customers while many of their corporate customers are finding it too costly to borrow money.

anxiety about the recent rapid banks higher margins and lower growth in bank lending for risks than many types of tradi-house purchase and consumer tional corporate lending. tional corporate lending.

Mr Rohin Leigh-Pemberton, National Westminster's chairman; says in the bank's aunual report for 1981 published to-day that there is no conflict hetween the growth in the hank's personal lending and its commitments to meet industry's financing needs when the upturn

NatWest's record foreign loans, Page 22

Snow and floods cost insurers £200m

By Eric Short

THE BLIZZARDS which swept Britain in December and the floods and slorms which fellowed in January cost UK insurance companies at least £200m, says the

British Insurance Association. The association's review rerealed that the severe weather hit insurance companies harder than usual.

In comparison, snow and frest at the beginning of 1979 cost insurance companie £65m, while floods at the end of the year, confined to South Wales, cost £27m. At today's prices, the costs would have been 195m and 135m respec-

The £200m costs this winter arose from damage to both perty cansed by horst pipes and collapsing roofs, and from flood damage in Selby and the surrounding area of York-shire, and in the West Country.

The bill could be even higher. Insurance companies are still processing claims and March saw bad weather in Scotland and the north of England.

The BIA has not tried to ascertain the effect of the weather on motor insurance But those companies which have already issued their 1981 results, including Britain's largest motor insurer, General Accident, have reported heavier than usual claims. However, these are small com-

pared with property claims. The higher damage biji also reflects that more households are insured for full value, largely as a result of the insurance companies' efforts. They have introduced the principle of Index-linked sums insured and premiums to allow for inflation. This means higher premium income for the companies, hat it also results in higher payments.

Sealink to run Lakes yacht

THE NATIONAL TRUST has announced that Coniston Gondola, the 1859 steam yacht which it restored in 1980 for over £100,000, is to he operated by British Rall Sealink. The new service will be called Sealink Coniston.

Mr Laurence Harwood, the trust's regional director. explained yesterday that, because of the heavy financial loss they had incurred in running it themselves for two seasons as a public service, they either had to get some other organisation to run it or shut it down.

British Rail Sealink will manage it initially for a year. during which details of a fiveyear agreement will be worked unt. British Rail will will share any profits 50-50 with the National Trust.

Riots 'threatened style of policing'

THE POLICE were in danger of taking on a "onasi-military" role at the height of last summer's riots, Mr John Alderson, Chief Constable of Devon and Cornwall, has told a Communist Party magazine. In an interview published in Markise Today, Mr Alderson said: "It appeared that it would not have taken much to drive the police into a situation where they had passed the point of no return in the style of policing which we like to see in this country. "We would get a quasi-military police armed with weapons people. for shooting at

Laser-scanning check-out growth likely

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT A SIGNIFICANT advance in tion and a director of J. Sains-

the use of laser-scanning elec-tronic check-outs in super-markets is forecast today as over 70 per cent of goods sold delegates attend the fifth are bar-coded and the number store computer which registers annual conference at Wembley, of scanning stores is accelerate at the check-out the item's price. North London, on article ingrapidly."

At present only about six large stores are experimenting with scanning systems, but at least 25 could be doing so by the end of the year. For example, Tesca is committed to example. Tesco is committed to installing scanning systems this year in some 15 of its large

The Association, whose conference opens at Wembley today, is responsible for allocating to manufacturers special 13-digit product codes unique to each

The codes are translated into a har-code — a series of black lines of varying thicknesses — Mr Jeremy Griodle, chairman which is then printed on a proof the Article Number Associa- duct. When the item is passed

the number is scanned and the information passed on to the in-

in extensive use in the U.S., is faster and more efficient than conventional check-outs and also gives retailers greater stock con-

Next month, the association is publishing a comprehensive manual on the standards for paperwork and electronic data passed betwen manufacturers

Goldsmith urges full privatisation

THERE IS oo half-way house private sector, Mr Walter Gold- paign. smith, director-geoeral of the Institute of Directors, said at

the weekend.

Mr Goldsmith told a Bow
Group conference io Oxford that the policy of treating nationalised industries as businesses at arm's length from government, subject only to subsidy and external financing limit control, had failed.

If was equally clear that between maintaining ao enter measures short of full transfer remains to he answered is the between maintaining ao enter measures short of the pri- drawing of the boundary prise in the public sector with of an undertaking to the pri- drawing of the boundary private Postionantary control and wate sector might weaken between poblic and private strict Parliameotary control and vate sector might weaken handing over the provision of rather than strengthen the the service in its entirety to the Government's privatisation cam-

He urged the Government to abandon its "ill thought out cooception of nationalised industries and public corporations as husinesses." They were limited State role and a new limited State role and confine the State's role largely to a regulatory function. in fact arms of the State with their policies ultimately dependent upon the political complexion of the government

"The key question that sectors." Radical solutions were required to transfer resources and services to the private sector and confine the State's

drive to examine all the methods and financial techniques of transferring operating activities to the private sector offers enormous advantages."

BL board approves truck investment

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE BL BOARD has formally maximum of 435 a week when approved the investment in a new Leyland light truck range involving "several millions of pounds."

The BL BOARD has formally in maximum of 435 a week when it was opened, will be increased to profice at least 900 units. The decision was deferred

The decision was bettered carlier this year because of the four-week strike by truck and bus division employees.

The light truck range, code named MT 211, will replace the Terrier models which operate at gross weights of 7-11 tonnes. The MT 211 will complete the renewal of the Leviusd truck ranges for the UK and the Continent. It will have a new cab but it will probably share some components from the Oilo can used on the hearter TVS It was to be produced at Bathgate. Scotland, but under the terms of the reorganisation

The fast of the T45 range, to replace the Boxer, is due to be launched towards the end of

Leyland has also, as part of its £200m investment programme, replaced its trucks for non-European markets with the Landmatter and Landmath. A heavy Scattened, code named the \$26, is due this year.

Car for disabled gives Reliant a further boost

RELIANT'S recovery plans will capacity of 50. be boosted in the autumn by car for which the company will provide the bodies. But part of its export business has run into

programme announced last November, assembly will now

Leyland sold about 2,500

Terriers last year but would expect to double that when the MT 211 comes on stream early

Therefore output at the Ley-land plant, scheduled to be a

be at Leyland, Lancz,

In the past few weeks Reliant, based at Tamworth.
Staffs, has launched a replacement for its Robin threewheeler and amounced an ment for its Robin three wheeler and amounced an agreement with Suprise Auto Industries of Bangalore for its kitten four-wheeler to be huilt in India. Another export assembly agreement, also in Asia is expected to be announced to the next few

But the future of its £1m-ayear husiness with the MEBEA company of Athens looks uncertain. Reliant has been pro-viding 1,000 kies a year of a light pick-up based on the Kitten end called the Fox.

The company said at the weekend that MEBEA's bankers had moved in to take over its management. However, Retiaot is also preparing to launch the Fox in the UK, possibly later

to two a week against a weekly timism.

Meanwhile, Otosan Otomobil Sanayli of Turkey is moving towards production, after some delay, of a medium-sized passenger car, the FW 11, developed under an engineering co-operation deal with Reliant. Both the Fox and FW 11 may elso be included eventually in

The car for the disabled is to be built by Elswick Hopper, the bicycle and engineering company. Reliant expects initially to provide 200 bodies per year. But the car has been designed to meet European legislation and the potential sales are seen as being much higher. The car was engineered by GKN Sankey around BL Mini mechanical parts.

The bodies will be provided by a new Reliant subsidiary. Reliant Industrial Mouldings. set up specifically to contract to ontstide industry-a business

this year.

The company's mainstay has substantially.

become the Righto three Last year was a traumatic one wheeler, 75 a week of which are for the company: it was demanded from JF Nash Securi-Three-wheeler production far factories, cut its staff from 900 outstrips the conventional cars: to 500 and lost just over £1m, only three or four Scimitar But the changes, Mr.J. F. Nash, estate and sports cars are being its chalman, said at the start of built a week, while the Kitteo this year, allowed Reliant to economy four-wheeler is down face 1982 with realistic op-

LT prepares for trouble as bus and tube fares rise

BY DAVID CHURCHILL

THE FULL impact of the 100 resistance to them — will he felt this morning when Londoners travel to work.

Although bus and underground fares rose vesterday, in lice with the Law Lords' judgment, the full effect was miti-Sundays. Also, many passengers tourists with special

There were some reports of isolated incidents of passengers refusing to pay the new fares, hut London Transport said last night it had no reports of any serious trouble.

But the campaign supported hy some Labour members of the GLC for passengers to pay only the fares charged before the in-crease may be more effective In anticipation of trouble, LT

stickers are being prominently displayed at ticket collectors' booths to remind passengers of their legal obligation to pay the

First Nat. Secs. Ltd. ... 161%. Robert Fraser 14 %

LT elso took advertising space per ceot rise in London Trans- in national newspapers yester-port fares — and any consumer day to explain its difficulties. The advertisement, showing a hand holding a gun pointing at a LT rounded, has the caption

"Fares up!" It says LT-regretted having to double its fares as a result of the Law Lords judgment, but gated by the maximum fare was hoping to limit "hustful" system which still operates on effects by keeping the simple zooal fares system brought in

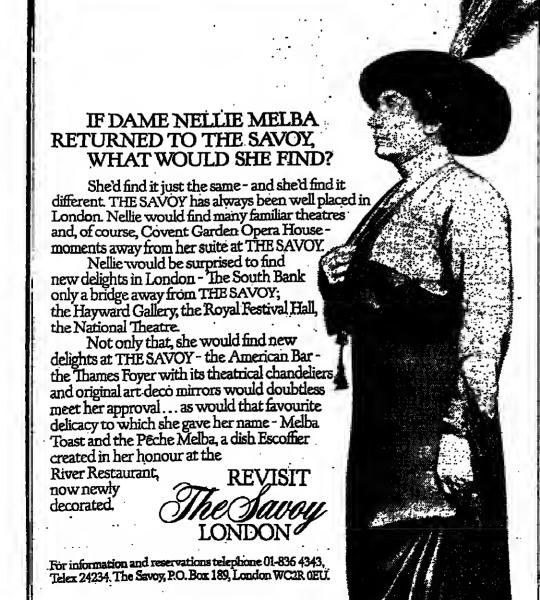
last autumn LT adds: "We think that the reduced fares policy would have been night if it had not put such a heavy burden on ratepayers." Bromley Council's legal challenge over the supplementary rate imposed to pay for the reduced fares eventually forced LT to raise fares.

LT warns in its advertes that London "may eventually come to a standard" if not enough use is made of the transport network because of the higher fares. At the lower fares, LT has

had to cope with 7m journeys every weekday by 3m passengers.

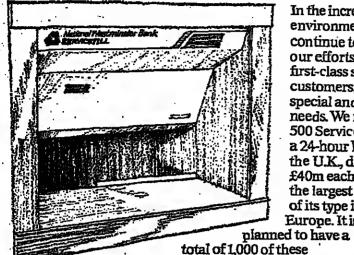
BASE LENDING PATES

DASE LEND	ING KAILS
A.B.N. Bank 13 %	Grindlays Bank
Allied Irish Bank 13 %	Guinness Mahon 13 %
American Express Bk. 13 02	Hambros Bank 13 %
Amro Bank 13 ox	Heritable & Gen. Trust 13 0
Henry Ansbacher 13 of	Heritable & Gen. Trust 18 %
Arbuthnot Latham 13 %	C. Hoare & Co
Associates Cap. Corp. 13 of	Hnngkong & Shanghai 13 oc
Banco de Bilbao 13 %	Kingsporth Trust 133 14 02
BCCI 13 %	Knowsley & Co. Ltd. 1210
Bank Haposlim BM 13 %	Libyds Bank 19 m
Bank Leumi (UK) plc 13 %	Mallinhall Limited 12 of
Bank of Cyprus 13 %	- EGWARG Manson & Co 1410
Bank Street Sec. Ltd. 15 %	Midland Bank 13 05
Bank of N.S.W 13 %	Midland Bank 13 % Samuel Montagu 18 %
Banque Belge Ltd 13 %	■ Morgan Grenfell 12 oz
. Banque du Rhone et de	National Westminster 12 or
la Tamise S.A 131%	Norwich General Trust 13 or
Barclays Bank 13 %	P. S. Refson & Co 12 of
Beneficial Trust Ltd 14 %	KOXDUITZHE Gustantee 1410r
Bremar Holdings Ltd. 14 %	E. S. Schwab 13 oc
Brit. Bank of Mid. East 13 %	Olavendury's Kank 19 //
Brown Shipley 13 %	Standard Chartered 112 6
Canada Perm't Trust 14 oc	Trade Dev. Bank 12 oz
Castle Court Trust Ltd 13162	Trustee Saviner Rent 12 of
Cavendish G'ty T'st Ltd. 15102	1 GB LUL 12 N
Cayzer Ltd 1319.	Littled Rank of Towns to to a
Cedar Holdings 13 %	
Charterboose Japhet 13 oz	WILLIAMS OF CHAP A 16 UA
Choulartons 14 or	WILLIAM DECK. THE TA OF
Citibank Savings 1124%	Yorkshire Bank 13 of
Clydesdale Bank 13 %	Members of the Accepting Houses
C. E. Coates 14 oz	Committee.
Consolidated Credits 13102	
Co-operative Bank?13 02	* 7-day deposits 10%, 1-month 10.25%. Short term £8,000/12
Corinthian Secs 13 %	month 12.6%
The Cynrus Popular Rk. 13 or	† 7-day deposits on sums of: under
Duncan Lawrie 13 %	£10,000 104% 610 000 HA A.
Eagil Trust	250,000 11%, 250,000 and over
70 M. A	# Call deposits E1,000 and over
Exeter Trust Ltd 14 %	10%.
First Nat. Fin. Corp.,, 1619.	21-dey deposits over £1,000 114.%
First Nat. Secs. Ltd 1619.	E Demand deposits 1/2.40



A world's eye view from NatWest

Extending our service to customers



In the increasingly competitive environment in 1982 we will continue to concentrate all our efforts into providing a first-class service to our customers, recognising their special and often individual needs. We now have well over 500 Servicetills operating on a 24-hour basis throughout the U.K., dispensing over £40m each month, already the largest network of its type in

Europe. It is

machines by the end of 1983. Towards the end of this year we plan to introduce a new quick-action customer-operated cash dispensing machine sited inside branches.

The NatWest Mortgage Service



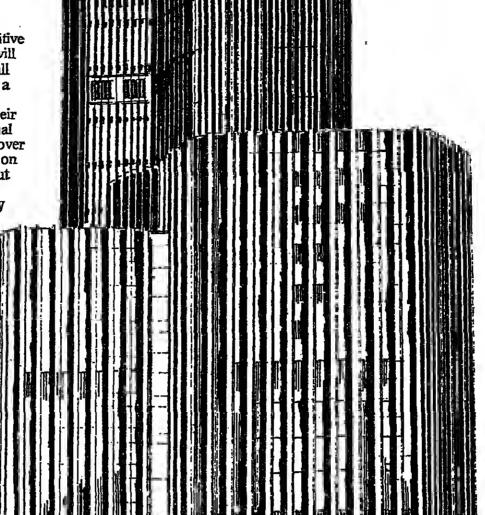
NatWest and Small Businesses

We have continued our policy of support for small businesses and have again held down interest rates on Business Development Loans whilst raising the upper limit for this facility to £250,000 to meet the needs of

forward to developing our service over the coming year.

our customers. We completed during 1981, for instance, our 50,000th loan under our Business Development Loan Scheme and an increase of over 40% in lending to a total of £489m indicates the value and flexibility, as well as the competitiveness, of this kind of facility. We are also lending under the Government's Small Firms Loan Guarantee Scheme and our interest terms are the cheapest of the four major clearing banks.



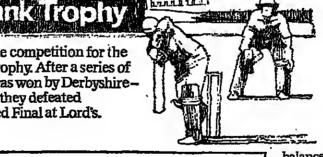


A Royal Opening for the National Westminster Tower

The cover of our Annual Report shows the Royal Standard flying over the National Westminster Tower on 11 June 1981. This was truly a memorable occasion when we were honoured by a visit by Her Majesty the Oueen to declare the Tower

2 NatWest Bank Trophy

1981 saw the introduction of the competition for the National Westminster Bank Trophy. After a series of exciting matches, the Trophy was won by Derbyshireliterally on the last ball-when they defeated Northants in a closely contested Final at Lord's.



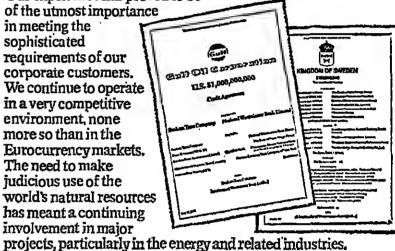
Our international presence

We see the Far East as offering major growth potential and in August an offshore executive office was opened in Singapore with a catchment area extending from China to Australasia and including Burma and the ASEAN countries. Our Canadian subsidiary applied for chartered status, now granted, and under its new name-National Westminster Bank of Canada, with an office opened in Montreal-we look to a material expansion of our business in that country to complement our substantial representation in the United States. In Germany, the activities of International Westminster Bank based in Frankfurt have been merged with our subsidiary Global Bank AG with effect from 4 January 1982 to form



Corporate Finance

Our experience has proved to be of the utmost importance in meeting the sophisticated requirements of our corporate customers. We continue to operate in a very competitive environment, none more so than in the Eurocurrency markets. The need to make judicious use of the world's natural resources has meant a continuing involvement in major



Youth opportunities with NatWest Unemployment remains a pressing problem, especially amongst the young, and in recognising this we have increased the number of places made available each year under the Manpower Services Commission, Work Experience Programme. The Bank remains a major recruiter and is thus making a continuous contribution to employment levels among the lower age groups. We have also made grants available to bodies doing research into unemployment and have seconded able and senior managers to the job creation schemes.

Comments from the Chairman-Mr Robin Leigh-Pemberton

The improved profit is attributable to increased volumes of business handled by a marginally smaller number of staff using increasingly sophisticated electronic equipment. It is a very satisfactory performance particularly having in mind the 3% reduction in the average base rate in the UK and shows that our profits are little influenced by fortuitous circumstances outside

The world economy during 1981 was very subdued, with low growth and rising unemployment in most countries. Governments in general were unable to adopt expansionary policies, because inflation remained high and payments imbalances were still very large. 1981 will be remembered as a frustrating year for the British economy and it has become apparent that the high inflation of past years is deeply embedded leaving British industry more seriously uncompetitive than remedial measures over the past two years have been able to correct. Government measures which are designed to reduce the cost burden on industry and to enable it to be more competitive are most likely to stimulate economic activity without introducing inflationary pressure. We therefore think it right to support the Government's broad monetary strategy; for us as a bank it has been a matter of judicious

Financial Highlights 1981

i ·	
Ordinary share capital	£237 million
Reserves	£1,969 million
Money lodged	£39,709 million
Money lent	£31,791 million
Group pre-tax profit	£494 million
Retained profit	£273 million

Copies of the Report and Accounts, which include the Chairman's Statement may be obtained from the Secretary's Office, National Westminster Bank PLC, 41Lothbury, London EC2P 2BP.

balance to ensure that at the same time we were not insensitive to the needs of our customers.

Our international banking policy remains appropriate to the difficult and highly competitive world scene, and we continue to seek good opportunities for growth of our existing business and expansion of our representation. We remain confident that our overseas loan portfolio is carefully balanced and distributed, and we shall continue to observe those principles of policy which we believe will contain our risks to acceptable levels. In the United States there is some prospect of recovery in the latter part of 1982 which should help to stimulate the economies of the industrialised countries in Europe.

I should say something by way of explanation of a policy of allowing loans for personal consumption to rise at a time when the demand from manufacturing and exporting customers remains below the level of available bank credit. Most personal loans are structured to be of short duration and repayment terms in our experience are scrupulously observed. We feel satisfied, therefore, in extending to that category of customer which contributes so much to our deposit base, a service which will not conflict with a commitment to provide adequate funds for manufacturing and exporting customers when the economy expands and the need arises.

National Westminster Bank Group

One of the world's leading banks

The latest in the series is written by Gordon V. Hill and Christopher J. Clarke of the A.T. Kearney group, international management consultants.

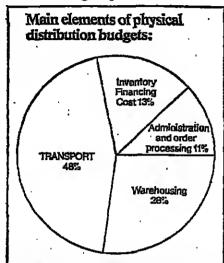
The article highlights the importance of distribution to a company's profitability and describes ways of reviewing the entire distribution function. A précis of the article is given here.

For your free copy of the full text, please use the

The profit potential in distribution.

Companies should reconsider their distribution strategy at regular intervals, in the light of increasing costs and changing customer needs. Such reappraisal can lead to greater efficiency-by reducing the number of depots or the amount of product held in stock, for example-and this in turn means more sales and profit.

Recent studies show that the cost of distribution-storage, outer packaging, order processing, delivery, etc.-accounts for an average of. 17% of the selling price of a product. These costs can be broken down in the following way:



Thearticle then examines eight vital steps in the evaluation of a distribution operation:

Market segmentation. By allocating customers into

characteristic groups, a company can become more discriminating in its distribution policy and planning.

Who else but Wrexham.

Wrexham, where the American

company Continental Can found a home

from home back in 1980. They've never

regretted their move, having benefited

from this selection of sound economic

* An excellent industrial relations

* Rent free periods in advance

★ Easy access to major markets.

★ Welsh Development Agency

We've put a strong case

financial incentives.

to others too. Firms like GKN, Kellogg's, Metal Box Public Co. Ltd.,

Cyanamid Fothergill Ltd.

★ Special Development Area and EEC

advantages.

record.

factories.

assistance.

Analysis of competition. Through comprehension of competitors' distribution patterns, a company can gauge customers' expectations and build a service to outperform

Quantifying the service required. Research into the customer's motivation in each market segment allows a company to gauge appropriate service standards—the crucial factor in very competitive

Determining commercial objectives. Distribution to some customers can be unprofitable—for example, to those who are distant even from local delivery points. Such considerations dictate a re-evaluation of each customer's potential

Analysing the distribution network. In some cases the sheer need for speed in delivery entails a system of depots. Precise definition of this need can identify possible cost reductions in transport. stockholding and warehousing.

Alternative arrangements. The decision to change a distribution pattern in order to cut costs obviously demands careful investigation of alternative means depots, central warehousing, employment of outside carriers, etc. The best method of evaluating options is to programme all information, preferably into a computer, for assessment of potential profit increase from the various distribution methods.

Support systems. A distribution. method needs systems to initiate and administer the movement of goods and to monitor performance. Computerised order processing and stock control bring speed as well as efficiency, and their costeffectiveness must be considered at the planning stage.

Assessment of commercial acceptability. When all factors are assembled, the decision has to be made: does the physical solution provide the lowest cost to meet the distribution service required, and if so can the company afford it? Otherwise, re-evaluation of service standards may be necessary...

The article examines these eight factors in depth, step by step, and concludes that companies have an opportunity to position. themselves to out-distance competition and be strongly placed in the next economic upturn, by reviewing their distribution operations:

FREEPOST (no stamp required), 22/25 Finsbury Square, LONDON ECZB 20Q			
Please send me a copy of the full article "The profit potential in dismbution."			
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G-Plan, Lego UK Limited, Tetrapak (Rausing) Ltd. and Hoya Lens U.K.

Ltd. have all received good measure in

successful companies) they are investing

We'd be pleased to send you our

unionists and ordinary working

people about life in Wrexham.

There's no charge, just post the

specially prepared ten minute compact

comments of industrialists, trade

Wrexham. In return (and in common

over £100,000,000 in the borough.

cassette recording, featuring the

with many smaller but no less

Royal Mail Parcels "We mean business"

Who put an airtight case

to Continental Can

UK NEWS=LABOUR

Town hall union casts political vote

their uning—the National and and only 9 per cent in favour.

Local Covernment Officers' Nalso, which claims in be the Association—should affiliate to largest solely white-collar union

will be important for a number the choice they are facing.

For the Lahour Party-both in terms of a possible boost to its squeczed funds, and in terms of showing just how far the affiliation are set out starkly party's own internal divisions have damaged its credibility.

For Nalgo, in testing whether Government cuts in local authority spending have its troditionally

neutral and moderate members in the extent that affiliation to Labour is now seen as a natural consequence of the affiliation to the TUC.

For local authorities, par-ticularly Conservative - cootrolled, some of which see even move towards affiliation by their staff's union as under-

mining their own positions.
It seems an odd time for Nalgo to be considering affiliation. Labour's 52 affiliated unions have not been uncritical of the party recently.

They have been scathing

about its financial organisation, and deepty concerned obout its internal wrangling, fearful thot its effect might cost Labour the next election—and, therefore, consign the unions to further rears in the political wilderness. Unions recognise that many

of their members must have voted Tory in the 1979 election. For some, particularly the whitecollar unions, the danger of the Social Democratic Party must be in part that it may prove more attractive to their mem-hers than the deeply divided Lahour Party.

This is confirmed by a recent poll. which—admittedly, on a statistically shaky base-shows that 32 per cent of the staunchly Labour transport workers union thinks the TGWU should not he affiliated in Labour, and 62 per cent disonnroves of ony link with the SDP.

For a white-collar union like Clive Jenkins' ASTMS—which voted for Mr Tony Benn in Labour's-deputy leodership contest after a conference decision -the results are even more disturbing. Seventy per cent are against the nnion's Labour. affiliation, while 43 per centthe largest figure of the uninns surveyed-are in fovour of a

For Nalgo, by for the lorgest
TUC union outside the ranks of
Labour's affiliales, the figures
chuw that some S1 per cent discrete divisions and split the approve of affiliation, and only

BALLOT PAPERS are being for the union's traditional Labour Party gives great cause continuity than obout for concern. An increasing member welcomed the ballot member welcomed the ball between the Right and the Left Presentation of the arguments

the Labour Party.

The outcome of the hallot from presenting to its members On the ballot papers being sent out today by the indepen-dent Electoral Reform Society the arguments for and against

Philip Bassett looks at Nalgo's poll

on Labour Party affiliation

policies which have serious, and unless they were prepared to potentially dangerous, implica- put both sides of the case.

potentially dangerous, implica-tions for Nalgo members."

geocrally moderate union such

as Nagto could exercise its influence within the Labour

Porty to prevent the adoption of

extreme policies which might jeopardise the chances of a

.For moderates in the party.

this element is crucial. It is

widely realised that had Naglo been offiliated during the

deputy leadership contest, its

blnck vote would have assured

Mr Denis Healey of on easy

rictory, rather than o nail-

biting cliff-hanger os he scraped

Again offiliation, the ballot

political iodependence.

local government mem-

poper rubric stresses the impor-

tance of Nalgo maintaining its

bors are expected to give impartial advice to majority

groups in differing political

It ocknowledges that "pre-

sumably, a sizeoble proportion (nf Nalgo members) voted Conservative in the General Election and it would be wrong

for Nagin to be identified with a political party which nuly a minority of its members is

ercale divisions and split the

likely to support

association."

officied during

being elected."

party

In addition, it notes: "A

above the voting form. listion, although last year's conference—regarded in the union as being to the left of the For affiliation, it is argued that such o step is necessary to hring Nalgo into the main-stream of the Labour move-NEC-voted against this posi-tion and decided to hold a ment: that the union should be involved where crucial decisions affecting its membership are

Accordingly, the NEC has been strictly neutral. It decided that none of the union's officials. made; and that the Conservative Covernment "is seeking to implement o wide range of should speak on the assue,

Many, including Mr Geoffrey

Drain, Nolgo's general secre-tary, are firmly pro-affiliation and so the effect of this decision

has been to silence most of the

necessary pre-requisite to affi-

tributions from Nalgo funds to

campaigns on the issue would

probably be unlowful; and even that such things as union

premises, cars, duplicating and

printing services may unt be

members a clear mind when

Accordingly, the campaign

has brought into the open two

groups pressing for affiliation:

for Nalgo Affiliation to the Labour Party (CNALP), which first properly raised the issue six years ago, and the Fight for

longer-running Campaign

they come to vole.

Branches have been Instructed not to pass resolu-tions on the issue, to allow

The NEC bas been strict in

Financial Times Monday March 22 1982

finally lay to rest the militaris'

In this way has laid the union's attempts to suivert Naigo's fig-member national executive traditionally neatral role."

that members are being confused by the issue because the NEC has given them to lead.

The Nalgo NEC originally members against a ballot on affiliation, although last members workers, rather than the series listing, although last members against a ballot on affiliation, although last members according to the series of the s

dominate Naige.

They suggest that gave the last 10 years, put only has the Naige membership doubled in size, but its complexion has altered Change is working through the union from the bottom up.

topponents of affiliation argue that thus is not the case. formal anti-affiliation bodies have been set up, but in some local outflority areas the English shire counties for example senur officers have been urging staff in vote in the hallot to have affiliation re-

soundingly rejected.
Pro-affiliationists acknowledge that there is likely to he a lerge majority against affiliation in the South, South-West and Wales, but that Scotland, the North-West and North-East may well opt in favour. The NEC has ruled that there will be no regional breakdown of

Those working for affliction agree that officialance at membership meetings has been low. ita interpretation of the 1913 agree that offendance of mem-bership meetings has been low, governs the setting up of a and that a rejection of affilia-political fund which is a ever, to Naigo's long history of liating to a political party.

Internal union circulors in the issue was raised 10 times branches make it clear that con-. since since 1921, including six membership hallols, before being finally settled.

What the officionists are now looking for is a respectable vote that will mean the issue is not dead and buried. Another boliof is unlikely before General Election year in 1984, partly because the political cilmate then may well be sharper, and partly because of its costs-Nalgo officials estimale the current ballot could cost as much as £200,000. Which even for a wealthy union like Nalgo. is not inconsiderable...

Ballot papers will be distrihuted by branches from to-morrow, but members will return thom directly to the Labour Affiliation Group return thom directly to the (FLAG), comprising 22 exects—Electoral Reform Society for the members who disserced country by April 23. The with the NEC's formal position, results will be announced to Both groups have been the NEC on May 8. If the charged with being extremists, unlikely happened, and it were becaused by the necessity of the charged with being extremists. Furore surrounded Flag's accepted, proposals for rule formal launch at last year's changes necessary would go to TUC Congress in Blackpool, a special cooference in when it was discovered that two September, followed by another

On the party itself, it states: "The current state of the NEC members were also in the ballot on these changes TUC divided on plans for reorganisation

BY JOHN LLOYD, LABOUR EDITOR

THE TUC will divide sharply Staff-has switched sides to this week over the plan to reorganisc General Council, its supreme

policy-making body. General Council members believe they must come tn a decision on reorgonisation at there meeting on Wednesday -and that the for-reaching plan for change, which passed tast year's Congress, has of best a 50:50 chance of

survival. The pressure to drop or nenter the Idea, coming most strongly from the Tronsport and General Workers' Union has been intense. One major union leader — Mr Clive Jenkins, general secretary of the Association of Scientific,

Technical and Monagerial

come out against reorganisa-tion. Others may fellow when the detailed proposals on how to effect the restructuring are dehoted.

The restructuring would, for the present, benefit right-ted nulons at the expense of the left, However, it would olso benefit a few large, teft-led ontons such as the Notional Union of Public Employees and discriminate agoinst small right-led nnes like the Iron and Steel Trades

Confederation. The general principle of reorganisation, which received a 1.3m majority at the last Congress, was endorsed by 21 votes to 17 ot January's General Council.

It is thought that the until they retire, conneil majority may be Mr Jenkins has whittled away once detailed proposals spell ont the loss of influence which many council members would suffer if the plan went through.

Three broad positions have emerged: First, a TUC docu-ment on change accepts the principle of "antomaticity" —that is, that all unions of more than 100,000 members have representation on the It proposes two methods of securing proportional representation for smaller unions which would reduce their numbers on the council, but softens the blow by allowing them to retain their present representatives

which would retain the

present system of representation by trade group but widened to include some medium-sized unions not presently represented.
Thirdly, the TGWU and

other unions want the whole plan dropped, but might swing in behind Mr Jenkins'

compromise.

The TUC paper is likely to get approval from the TUC's "toner cabinet," the finance and general purposes committee, al its meeting teday. The real struggle at expected to be folined at General Council an Wednesday.

ASTMS in move to step up managerial recruitment

BY BRIAN GROOM, LABOUR STAFF

THE GROWING inter-union Manchester conference — was will be invited to jon, as well as lng Staff Association—the staff competition to recruit oinied at giving a louder collection and professional tive voice to more than 40,000 account for another 50,000 Electrical and Plumbing Frederical and P staff was underlined at the weekend when the Association of without cutting across the Scientific, Technical and autonomy of in-company bargain-Managerial Staffs formed a ing units.

oational forum for them.

ASTMS members in this group, without cutting across the

It is also aimed at boosting Mr Roger Lyons. ASTMS the uoit's merger, affiliation and national officer, said the National partnership efforts. Soma nonpartnership efforts. Some non-Professional and Management TUC-affiliated associations with

manogers, and are in finoncial difficulties.

Falling memberships are spurin managerial and professional grades. This has led to a flurry of publicity and mud-slinging unions' recruitment to aid the two unions' recruitment to angineer. The Electrical and Engineer ing, shipbuilding and continued to the two unions' recruitment to angineer. ring several white-collor unions ASTMS's plans.

Union-bas formed a similar council with a similar name. It's

London-Bahrain



Cathay Pacific-the only daily daylight service.

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The Swire Group



The legislat ised control on local affairs.

In 1979 they put the Local Government Planning and Land Bill before Parliament.

Parliament didn't care for it. And the Bill was withdrawn.

opping.

Swiftly Whitehall put together some new proposals, imaginatively entitled the Local Government Planning and Land (No.2) Bill. It became law, transforming the financial framework within which Local Authorities work.

Within a year Whitehall was back with the punitive Local Government Finance Bill.

So many M.Ps doubted the constitutional wisdom of the referendum clause, the Bill was withdrawn within a month.

Now, for the fourth time in two years, the legislators are back. With (wait for it) the Local Government Finance (No.2) Bill.

And even as this Bill is about to become fixed inclasion here is alresely in existence a

Government Green Paper outlining radical Particularly when it comes to imposing central-changes to the financing of Local Government.

The conclusion is that Whitehall is in too much of a hurry.

We believe this latest Bill should at least have a time limit imposed on it.

So that it can be replaced or abandoned once all parties are agreed on the proper relationship between Central and Local Government. And upon a new rating system.

To quote G.W. Jones and J.D. Stewart (Professors of Government, and Local Government respectively),

Whitehall's record is amazing: four bills in two years; two bills withdrawn; three major changes in intention; and a grant system that is not merely complex beyond belief but contradictory in purposes."

Is this the right way to legislate?

If you think not, write to your M.P.Ask him to voice the demand KEEPIT for a time limit on the Bill.

BUILDING AND CIVIL ENGINEERING

FINANCIAL PERFORMANCE

Industry's creditable effort

sector have not been reflected in its financial performance. Not one major contractor cut number of other points, in-its dividend payment for 1980: cluding the following: the majority produced creditable accounts. In the stock markat, the contracting and con-kat, the contracting and conthe majority produced creditable accounts. In the stock markat, the contracting and construction sector was the hest performer in 1981, outpacing the All-Share Index by more than 23 per cent.

Moreover, say stockhrokers Savory Milln in their latest Building Sulletin, the quoted companies' experience during 1981 has been much better than almost all commentators predicted at the outset of the year. and the current results season. is once again showing a healthy set of figures from the majority of companies.

Last week Savory Milln held a Building Cooference to launch their annual Building Book. Both the brokers and guest speakar Peter Galisfind. chairmen of Galliford Estates. produced reasons for these strong performances in a market which has been shrinking for 10 years.

Mr Galliford held that the proprietor influence in most of the major companies had led to cootinuity of management style. realistic accounting (particularly with regard to valuation of work in progress), and a flow of high calibre qualified civil enginaers through the manage-

Mr Galliford advanced

there is considerable flexibility of resources and contraction, to particular, has a low level of fixed assets locked in: • the contracting activity is cash generating: D there has been considerable scope for reducing costs at grass root level—from higher advantages when suppliers and

considerable

sub-contractors were weak, productivity gains and the quick competion of contracts: e inflation of land values and htudics< through as profits in properly and housing; and, finally.

profitable North Sca appor-

tunities. Savoro Millo agree on roots: "Construction inflation" during than the growth of prices gen-erally." In particular the erally." In particular the hrokers highlight the squeeze imposed on sub-contractors and materials suppliers whose price; remained remarkably stable

They also note that a number of companies had incurred serious losses on contracts, particularly in civil engineering, in the late 1970s and at the same

THE WOES of the construction ment structure to the top of time began to experience in creasingly lengthy delays in the settlement of claims due from public sector clients. "We believe," says Savory Milln, " that substantial settlement of claims on these contracts were reached

on the 25 contracts were reached during 1981."

"Most companies' declared profits for 1981," say the brokers. "will have less to do with work carried out in 1981 than with jobs largely compared in previous years and pleted in previous years and claims on work from two to three years ago."

They add that a smaller work-load and dramatically reduced a number of leading contractors capital spending on new plant, has maintained interest earning eash balances at high levels, and etruction tender prices produced housed historic cost profits by the Building Costs Informahoused historic cost profits by the Build through lower depreciation too Service.

Finally, they say, the dechining workload has led had fallen by 13.2 per cent clients to investigate the com- since the third quarter of 1980. petence and viability of con-tractors more closely, so that the rapidly diminishing workloads quoted companies may have in-contractors have been cutting creased their market share at margins in a bid to win what the expense of their smaller work has been available. hrethren—even though their house are not necessarily the lowest.

Savory Milln see pressure on contractors profit margins throughout 1982 and 1983. They output has fallen by almost a structure of the contractors of the con

are looking for growth in fifth. and related materials producers. have been able to live with WILLIAM COCHRANE reduced workloads and margins

is partly explained by the fact that building costs bave not appear even more creditable in the light of latest figures on conriseo as fast as some expected, when originally tendering for work.

1980

Building Costs

According to the Building Costs Information Service of the Royal Institution of Chartered Surveyors, average These show that by the end of last year, average teoder prices building costs in 1981 rose by almost 8 per ceot, compared with a 12 per cent increase in the Retail Price Index over the same period.

Tha squeeze on sub-contrectors and building material producers has meant that the cost of a job to leading cootractors bas often been less than was budgeted for in the original tender price, says the BCIS.

Paradoxically some coostrucion leaders are concerned that too fast a recovery in building activity—leading to an easing of competitive pressures on sub-contractors and huilding material producers—could produce a sudden escalation in costs and create new problems for the industry. If building costs were to rise sharply it could leave some contracts, won on low margins, in serious difficulty.

BCIS believes that teoder prices having fallen since tha third quarter of 1980 may now be starting to rise again; although it says that increases in 1982 are likely to be in line with or just less than the projected rise in annual inflation. in 1982 BCIS is forecasting an 8.6 per cent tocrease in average teoder prices and a 9

per cent increase in building costs. It says that the industry will still be competing fiercely for orders in the face of sub-stantially reduced workloads, despite the 4 per cent rise in construction orders recorded

ANDREW TAYLOR

The joint venture comprises the U.S. and Australian aubsidiaries of the Costain Group.

hegin in late 1983 and injoing should start in late 1985 on an expected 25-year minimum

operational span. Revenue is likely in he lo the

second dragline and a sequipment at the plant includes second dragline and bucket flue gas secrubbers and electrowheel excavetor system will be static precipitators.

Costain Group's mining hrought ioth use later in the life of the mine.

The power generating unit lignite will be moved by con-

vayor belts to the plant (the system known as "dedicated

The fact that contractors

Mided land will ha reclaimed in accordance with Federal and State guidelines as tha lignite is extracted. Pollotion cootrol

interest were expanded recently Orders for this equipment are expected to be placed soon most probably with U.S. companies. Corporation's coal mining properties, preparation and shipping facilities in Western Keetucky and Southern Hinois.

INTERNATIONAL CONTRACTS Hong Kong development

The study area, which contains some of the most commercially valuable land and highest population densities in the world, covers the port facilities, which are among the world's

which are among the world's busiest.

A wide range of disciplinas, including planning, engineering, sociology, damography, transport planning and economics, will be brought to bear on key issues, ranging from land-use, environmental and economic plans, population forecasts, housing and commercial development, transport requirements,

ing and commercial development, transport requirements, land reclamation and site formation. Recommendations on future port requirements and operations will also be made. Scott Wilson Kirkpatrick and Partners, Britisb consulting engineers and transport placears, will lead the group supported by Robert Matthew, Johnson-Marshall and Partners, architects and town placeoers; architects and town placoers; Coopers and Lyhraed Associates, economists and financial advisers; and Collier Petty of Hong Koog, chartered surveyors.
Total fee for the study, which starts this month with a final report to be submitted in mid-

THE DOUGLAS GROUP of Birmingham announces

1983, is about £2m.

AS PART of its long-term development strategy the Hong Kong Government has commissioned a study the assess the development potential of Victoria Harbour, Hoog Kong International of its first construction contract in the Sultanate of Oman. This Omao Holdings International)
of its first construction contract
in the Sultanate of Oman. This
is with Oman Shapoorji and covers the construction of 350 houses at the new town of Al Khohd, 50 miles corth of Muscat. It is valued at around £5.25m and due to be com-

pleted in about 18 months. INVOLVED IN the £43.7m six involved in the £43.7m six underpasses project in Dubai by Al Ashram is UK admixture maker, CORMIX, which will supply three of its speciality concrete auxiliaries. An estimated 130,000 litres of Cormix P4 will be ceeded for tha 60,000 cubic metres of concrete to be placed; 20,000 litree of Cormix CM90W curing mem-brane and 5,000 litres of Cormix MRA1 will also he supplied.

THE STUDY and design of a water supply to a recreational complex in Jehel Hafit at Al Ain in the United Arah Emirates has been awarded to UK-based BALFOURS, consult-

ing eogineers.

Design work has already commeoced and it is envisaged that a ground level storage reservoir of about 2,200 cubic metres, together with a pumping station, will be provided page the base of a 1,240 metre.

ec astruction Build for Commerce & Industry Solihull.Reading

city of Al Ain. A 12 km pump-ing main will be installed to deliver water to another 2,200 cubic metre reservoir at the

top.
The contract is being under-taken on behalf of the Govern-ment by the Abu Dhabi Water and Electricity Department.

TILLDEN INDUSTRIES (UK) has signed a £129,000 contract with Makers Development Services of Bomhay/Dobai to supply formwork and falsework for a schools contract in

Japanese team has woo an tender in the International tender in th United Arah Emiratas for coo struction of a cement plant. NISSHO IWAI CORPORATION, a trading bouse, and UBE IN-DUSTRIES, a cement maker, jointly received an order from Sbarjab Cemant and Industrial Development Company, of UAE. Design work has already for a full turnkey cemest plant for a full turnkey cemest plant with a ground level storage reservoir of ebout 2,200 cubic metres, together with a pumping station, will be provided near the base of a 1,240-metre high limestone ridge naar the support tha daal.

Costain wins major U.S. mining contract

SUBSIDIARIES OF the British Costate Group and J. A. Jones Construction Co., of the U.S., the mioing of lignite to North-West Louisiana, U.S.

Costaio says the joint venture will ectail an iovestment of per cent holding. Costain between \$50m and \$60m (£33mt. Australia with a 20 per cent The contract, with South holding and J. A. Jones Con-Western Electric Power Comstruction Co., with a 20 per pany and Central Louisiana cent holdier.
Electric Company, is for mining Construction on the mine will and delivery of about 2.5m short tons of lignite anoually, to fucl the Dolet Hills Pawer Plact. e 640 MW generating unit scheduled for operation in 1986.

oear Mansfield, Lutisiaca The contract is subject in approval by the principal parties.

Costain Holdings foc, with a 60 per cent holding. Costain Australia with a 20 per cent holding and J. A. Jones Con-

year, with an escalation clause. About 300 acres of leased land will be mined and reclaimed annually with an average acoust overburden removal of 28m cu ds. Overburden will initially

A VARIETY of work with a total value of £8.1m has been won by A. MONK AND CO., including a £1.7m project for tank foundations and road

£8m for Monk works to be carried out for Lever Bros., at Warrington. Another mejor joh for Clee-thorpes Borough Council is a £1.5m scheme for the construction of Humberstoo Trunk Sewer. This involves laying

five km of concrete pipe of varying diameters in heading, and 900 metres with both temporery and permanent piling. Other contracts are from British Railways Board, Shell UK, North East Electricity Board and North Yorkshire County Council. LESSER DESIGN AND BUILD

will undertake the total re-furbishment of London's Ivan-hoe Hotel for Crest Hotels at a cost of £1.4m. The scope of work includes upgrading conference accommodation, providing a new games room, restora-tion of the ber area and certein ioternel and external details with overall upgrading of hot and cold water supplies and electrical services.

YORK MOUNT GROUP, a company recently floated oo the unlisted securities market, has obtained over £2m worth of building and partitioning contracts including flm float a supertrects including £1m for a super-store at Boroughbridge, North Last year Tarmac Roadstone (Northern) opened a plant at Renisbaw, near Sheffield. This Parker drummix equipment (Sons. Kendal; a £250,000 contract for the refurbishment of the Devid Dixoo and Son (Leeds) Mill on Kirkstall Roed; Leeds;

and £220,000 from O'Donnell Estates, and Evans of Leeds, all to be carried out by York Mount Construction. Walker Partitions has 12 cootracts worth a total of £520,000 for partitioning work, the largest of these being £250,000 from Systime. Another subsidiary, York Mount Properties has purchased land at Queens Road, Leeds, for £20,000 and has obtained planning permission for flats. It has also purchased land in Westgate, Leeds, for £126,000, subject to permission being granted for a permission being granted for a 16,000 sq ft office block. A further office block has been purchased in Pilgrim Street, Newcastle, for £67,500 for refurbishment and letting.

UK CONTRACTS

BIGGS WALL AND COMPANY. Ariesey, Bedfordshire, is to con-struct a 22,700 cu metres (5m gallons) capacity reinforced concrete reservoir at Whitchurch, Bucks, under a contract worth £768,000 awarded by the Thames Water Authority, Vales

A glazing contract worth more than £500,000 has been awarded to JAMES CLARK AND EATON. The order placed by Elemeta Wiodows is for the supply and installation of double glazed Pikington Suncooled units for the supply and price of the company of the contraction an office complex at Goodmans Yard, in East London.

A second glazing contract worth more than £121,000 has been placed by timber window makers East and Son of Berk-bampstead for the supply of glass and glazing all external windows at Central Telegraph Office in St Martins Le Grand

including a £4m worth going to Border Engineering for improvements to Fallobill Rail way Bridga on the A7 trunk road, new offices for Leeds Permanent Bullding Society at Lancaster, roofing and heating work at Fairfield School. Cockermouth, and re-furnishing Cockermouth, and re-furhishing at Victoria Place, Carlisle for Cumbria Council.

The European Earthmovers division has more than £21m worth for a two-year major earthworks scheme for Tarmac on the A9 trunk road end the loading and hauling of dug rock from Orrock Quarry in Fife to Moss Morao for

FRENCH KIER CONSTRUC-TION has been awarded a con-tract by BP Internetional for the construction of a new 3storey office block at Harlow, Essex. The contract is valued at £1.4m and covers 40 weeks duration, commencing this

HENRY SIMON, Stockport, has woo a £1.3m contract for the design, supply, erection end commissioning of a flour mill for Wheat Industries Refloeries, an Irish-Australian company, of Dublin. The new mill is to be part of a £20m-plus development of a greenfield of a greenfield site Ringaskiddy, Cork.

WILCON CONSTRUCTION is building an office block at Billing Road, Northampton for Wilson (Connolly) Properties, under a £647,000 contract.

BOVIS CONSTRUCTION has CONTRACTS WORTH E3m are been awarded a £1.5m contract announced by companies in the by J. Sainshury to extend the Loodoo and Northarn Group, store at Christchurch, Dorset.

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Particulars of the Notes, Warrants and Debentures are available in the Extel Statistical Service and copies may be obtained during usual business hours up to and including April 5, 1982 from:-

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old road surfaces ALTHOUGH IN the UK the

Recycling

practice of recycling old bituminous road surfaces is still viewed with some suspicion, in the U.S. it is widely used. In some States contractors are legally required to use propor-tions of recycled material varying from 30 to as high as

Parker drum-mix equipment bas been taking cold planings from the M1 which bave been recycled and used again oo roads in Noltinghamshire, Derbyshire and Yorkshire.

With mainteoance and materials costs rocketing, particularly bitumen and oil, but iocluding aggregates, the recycling approach is increasingly attractive, and not only for asphalt. Parker also has plant which can take planings from coocrete roads and produce acceptable aggregate.

trom coocrete roads and pro-duce acceptable aggregate.

The trial surfaces so fer laid by Tarmac heve proved to he much more acceptable than was initially expected. Savings in cost of replacement materials for mads under repair using the recycled asphalt have turned out to be as high as 25 per cept.

Latest development in this field is the introduction of two small crild planers by Arrow Construction Equipment. New-castle. The company already makes cold planers in the two-metre wide range, and the twosmaller machines, with cutting widths of 300 and 450 mm. enable these machines to plane roads with minimum traffic disruption, and to work on parrow runs such as footpaths. Maximum cutting depth is 115 mm.

Bomag (Great Britain), Maid-Bomag (Great Britain). Maidstone. has just launched what
the company describes as a
mini asphalt/macadam recycler.
Capable of haodling up to
8 inch chunks of placed asphalt,
the machine, designated AR6,
hasically consists of a revolving
drum and propane burner.
Material to be recycled is fed
into the drum via a hopper,
and after 8 to 10 minutes
processing is discharged at
rates up to 6 tonoes/hour. The
company suggests the machine. company suggests the machine, which can be towed by a car, it suitable for pot bole repairs. trench reinstatement and foot-path repairs. An AR6 costs £6.750.

TONY FRANCE



What's new in building Meeting the demand for a high capacity system for use

on large roof areas such as warehouses, factories and agricultural huildings is Hunter's ribbed guttering (01-855 9851). The ribs on the 160 mm guttering promise improved longtitudinal strength, reduced risk of blockage hy leaves and increased flow capacity round

ancles. The guttering at 160 mm, and pipework at 110 mm, is complete with all necessary outlets. brackets, angles, connectors, hends, hranches and shoes.

Iosulated cladding said to reduce intestitial condensa-tion and increase Insulation value by up to 10 per cent over others is suggested for use in sports halls, swimming haths, catering establishments or any building where the internal heat level is likely to produce water vapour. Telatherm comes from Teal Claddings of Telford (0952 585580).

Airport visual control rooms can benefit from an electrical powered anti-condensation, automatically cootrolled window system called Sonarview.

This incorporates solar retardant glass laminated with webhing which acts as the beating element to prethe bearing crement to prevent any condensation or icing, claims Aluminium Alloy Fabrications of Woking (048 62 5744).

In terms of etrength and security a new high security inward opening casement inward opeoing casement window suggests an advance in the UK secondary double glazing market. This is Scientaglaze's casement unit in aluminium with a multi-locking espanol holt system, said to provide specific application in high security application in high security areas. Operating handle for areas. Operating handle for the bott is available as standard, removable or key operated (St Alhans 64345).

A one-coat rendering method of damp control

perfected by Watts Blake Bearne and Co. of Newton Abbot, Devon. This is called Devonite, is said to allow walls to breathe, provides insulation, and inhibits salts.

Designed for fastening insulation board to metal deck prior to fixing a roofing material is a new tool from British Industrial Fastenings. Designated Pneutek PT504 lt uses a helical knurled pin to effect a firm mechanical fix. as opposed to adhesives which can lead to delamination of

More on 0626 2345.

the board. The 85mm diameter plastic washar will not rust and is designed to combat uplift. The tool can be modified if a slightly flatter metal washer is required says BIF (0296 81341).

"What's The Flaming Difference" is a new poblica-tion which, with photographs, highlights different perforhighlights different performance characteristics of various types of rigid foam plastic insulation materials when exposed to large-scale fire tests. From Celotex, 27 St. Mary's Road, London, W5.



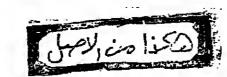
Norsk Data A.S. sted with limited liability in the Kingdom of Norway)

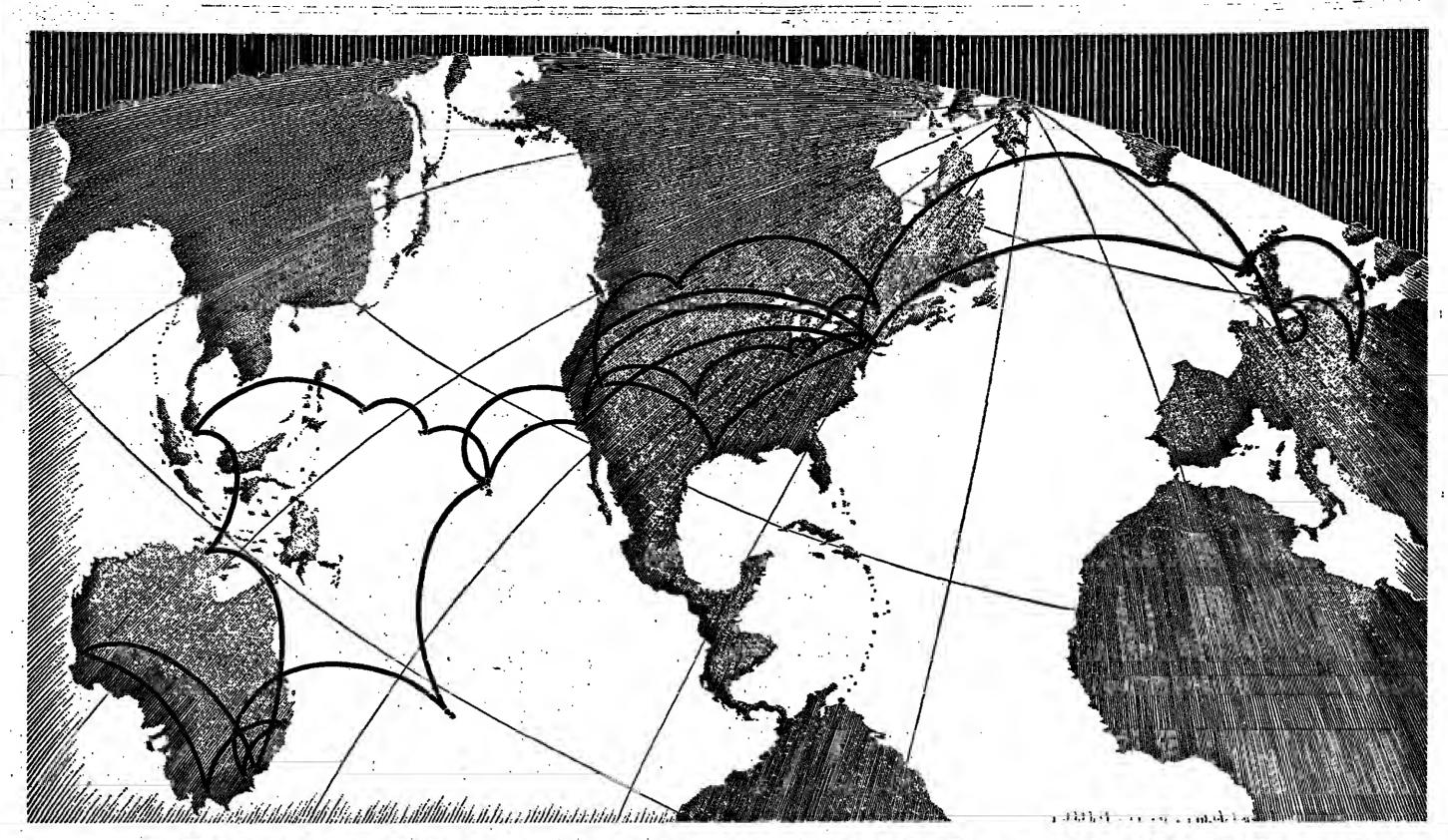
Placing of 295,000 new shares of NOK 40 each at NOK 340 per share

Hoare Govett Limited

Fondsfinance.s

Carnegie Fondkommission AB





When you fly a new corporate jet over 70,000 miles in 48 straight days, virtually anything can happen. In fact, virtually nothing did.

By now, you may be aware of the fact that the Canadair Challenger will fly its passengers more economically and in greater comfort than any other intercontinental corporate jet in the world.

What you may not be aware of is the success with which the first Challengers have already done so.

A crucial point illustrated best, we feel, by an actual case history.

ling

What we did with this aircraft in less than two months, you probably wouldn't do in five months.

On September 14, 1981, Canadair Challenger #5 left its home base in Hartford, Connecticut with a crew of three, flew to New York to pick up eight passengers, flew to Long Beach, California for the National Business Aircraft Association Convention, flew 13 demonstration flights in two days, then left immediately for Honolulu and the Western Pacific.

The itinerary included Wake Island, Guam, Singapore, Kuala Lumpur, Penang, Paya Lebar (Singapore), Darwin, Sydney, Perth, Melbourne, Essendon (Melbourne), Brisbane, Canberra, Pago Pago, Honolulu again, and finally San Francisco, Bridgeport and Hartford.

Total miles flown: 36,000. Total days: 20: Total takeoffs and landings: 60. Average hours flown per day: 4.7. Total hours flown: 93.4.

Dispatch reliability: 100%. Special maintenance and support provisions: none.

Which is not to say that, with its Pacific tour completed, the Challenger had arrived back in Hartford for a respite.

The next morning it refueled and flew to Europe.

And, by the sheerest coincidence, so did another corporate jet.

Duel over the Atlantic.

On October 4 and 5, respectively, the Canadair Challenger and another corporate jet flew New York to Vienna, with a stop in Shannon, Ireland.

As the chart below will show you, the Challenger arrived exactly three minutes later, and exactly \$2,367.12 cheaper. One way.

(Incidentally, based on computer projections of their manufacturers' own data, even some far smaller corporate jets with shorter range would not have achieved any meaningful advantage over the Challenger in fuel efficiency, while some corporate jets of comparable size would have required about 1/3 more than the Challenger.)

Which is still not to say that the Challenger then flew home for a respite.

Instead, it flew home for a tour of North America. By way of London, Paris, New York, Houston, Las Vegas, Pittsburgh, Montreal, Toronto, Calgary, Los Angeles, Cincinnati, Kansas City and Akron. To name just a few of the stops.

Total miles flown: 70,000. Total days: 48. Total takeoffs and landings: 111. Average hours: flown per day: 4.1. Total hours flown: 1959.

Dispatch reliability: 100%. Special maintenance and support provisions: none.

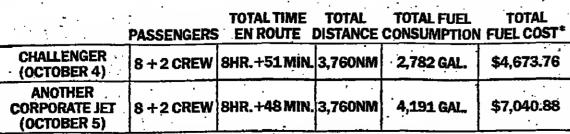
Which is still not to say that the Challenger then flew home for a respite.

At this writing, it is uninterruptedly flying its missions, receiving only routine maintenance and parts support and giving no one even the slightest degree of grief. For a detailed explanation of how a corporate jet so new can possibly be so reliable, we suggest you ask the man in the best position to know. His name is James B. Taylor and he's the President of Canadair Inc. His address is 274 Riverside Avenue, Westport, CT 06880 and his telephone number is (203) 226-1581.

There's a great deal he can tell you himself. And, if you like, he can even have you meet with the maintenance people responsible for that Challenger.

They have lots of free time on their hands.

In the Mideast business world, TAG Aeronautics Ltd. is the exclusive distributor and representative for Challenger sales and support. For further information, contact Adel A. Oubari, Vice President, TAG Aeronautics Ltd., 14 Rue Charles Bonnet, 1211 Geneva 12, Switzerland. Phone: (022) 46 17 17. Telex: 289 084.



Flight summary: New York-Shannon-Vienna-October 4 and 5, 1981.



canadaır challenger

in

HIGHLIGHTS FROM THE INTERIM REPORT DECEMBER 31, 1981

Minerals and Resources Corporation Limited (incorporated in Bermuda) and its consolidated subsidiaries

	and the share shar	1981	1980	Year ended June 30 1981
For the 6 months to December 31:	USS thousands except per share amounts Unaudited Earnings from operations	16,336	15,441	28,200
	Share of undistributed earnings of investments accounted for by the equity method	48,280 (677)	65,443	158,741 (568)
· · · · · · · · · · · · · · · · · · ·	Earnings before extraordinary items	63,939 (763)	80,884 3,612	186,373 (14,605)
	Net earnings	63,174	84,496	171,768
	Earnings per share: From nperations Before extraordinary items Net earnings	\$0.10 0.40 0.40	\$0.15 0.81 0.85	\$0.23 1.55 1.43
,	Dividends per sbare	\$0.06	\$0.06	\$0.22
	Weighted average number of shares outstanding	159,320,861	99,793,134	120,273,015

sponding prior half-year due to the major acquisitions which took effect in February 1981.
While dividend income during the first balf of the financial year under review increased materially as a result of the investment acquisitions in February 1981, the increase was not as materially 28 B result of the investment acquisitions in February 1861, the increase was not as substantial as anticipated as a result of the decline in the values of sterling and the South African Rand against the US dollar. Part of the dividends from Minorco's investments in Coosdidated Gold Fields and Charter Consolidated amounting to US\$11.3 million was not treated as income since these dividends were paid out of income earned prior to the date of the acquisition of the investments. In addition prospecting charges increased as a result of a greater level of activity and interest costs were significantly higher than anticipated as a result

of both increased borrowings and the level of interest rates.

Minorco's share of undistributed earnings of investments accounted for by the equity method for the balf-year to December 31, 1981 declined as a result of the adverse effect on those companies' earnings of the continuing economic recession at present being experienced by the majority of industrialised economies.

The results for the first balf of the year, for the reasons referred to above, are less than annerpated and in consequence the Board of Directors has declared an unchanged interim dividend of US 6 cents per share. Difficult economic conditions are expected to pertain during the second balf of the year and it is now not expected that the total dividend for the current year will exceed the US 22 cents paid in the previous year. On February 1, 1982 Minorco received the proceeds from the issue of USS60 million 91% convertible subordinated bonds redeemable on or before February 1, 1997. The proceeds were

used to repay Minorco's sbort-term borrowings.

In December 1981 Minorco acquired a 10% indirect interest in Empresas Sudamericanas Consolidadas S.A. (Empresas at a cost of US\$31.25 million for which Minorco issued 3.8 million sbares and contributed cash of US\$2.5 million. Empresas has extensive mining and industrial

activities in South America.

In February, 1982, Inspiration Coal Inc., just under 50% owned, acquired additional coal properties and plant adjoining its existing Bailey mining property in Kentucky. Inspiration Coal has also entered into a letter of intent with Compagnic Française des Petroles for the establishment of a 50/50 joint venture to own and operate the coal properties owned by Inspiration Coal.

Interim Dividend

An interim dividend of US 6 cents a sbare (1981; US 6 cents) has been declared in respect of the year to June 30, 1982, payable to sbareholders registered in the books of Minorco at the close of husiness on April 8, 1982 and to persons presenting coupon No. 93 detached from share warrants to bearer. A notice regarding payment of divideods on coupon No. 93 detached from share warrants to bearer will be published in the press by the United Kingdom transfer agents on March 30, 1982. Shareholders resident in the United Kingdom who do not elect, by notifying the United Kingdom transfer agents by April 8, 1982 to receive their dividends in US dollars, and South African residents, will receive their dividend to local currency equivalent converted at the rate applicable on April 13 1832, less appropriate taxes. Dividend warrants will be posted from Bermuda and from the South African and United Kingdom transfer agents on May 10, 1982. The dividend is payable subject to conditions which can he inspected at the bead office of Minorco or at the South African and United Kingdom offices of the local transfer agents.

Transfer Agents

Charter Consolidated P.L.C., P.O. Box 102 Charter House, Park Street, Ashford, Kent TN24 8EO

Consolidated Share Registrars Limited, P.O. Box 61051, Marshalltown 2107. 62 Marshall Street, Johannesburg 2001,

The interim report for the half-year to December 31, 1981 will be posted to shareholders on

Pembroke, Bermuda March 19, 1982

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions

Temple 10.45 BOARD MEETINGS-Second City Props.
Trapord Park Sec.
Wyatt (Woods BICC mas (Throdord) Chamber of Commerce, Simingham, 200 Seguit Hors, Ess. CHS Court Hotel, Bourpermouth, 12.30 Jesusurus The Churchill Hotel, Forman Sessurus, W. 10.30

BOARD MEETINGS-Finals: Brent Chems. let. Eugity and Law Life Faircloogh Construct

WEDNESDAY, MARCH 28
COMPANY MERTINGS—
Drake and Soul Hidgs... The Churchill,
Fortman Square, W. 12.00

Conterfield, 12.00

Title, 84, Stoomsbury Square,
0.30

Gro., Prestipa House, 14-15,
1, EC, 12.00

Linux, 85, Charlotte
Edinburgh, 12.00

Rer Proc. Gro., The Great
Noted, Liverpool Street, 11.00

DIVIDENO & INTEREST PAYMENTS-OIVIDENO & INTEREST ("ATMENTS"
Sanco De La Uracion Argentina Fitts. Rate
Notes 1986 587.36
Cambridge Water 3.50c (Imiv. Soc) Core.
1.750c Do. 8.20c (Imiv. Sc) Res.Pt.
1884-36 2.10c. Do. 4.550c (Imiv. Signal
Red.Pt. 1987-83 2.7750c (Imiv. Signal
Red.Pt. 1987-84 2.7750c (Imiv. Signal
1988 945 22
Sanwa Int. Finance Fitts. Rate Notes 1988
5867-29

THURSDAY, MARCN 25
COMPANY MEETINGS—
ren Electrical. The Kinosley Notel.
Roomsbury Way. WC. 2.30
rmid Quakeast. The Migland Natel. New
Street. 8irmispham. 12.00
street. 8irmispham. 12.00
street. 10. 75c. 12. Laurence Poentery
running in 1.00 Gismispam. 12.00

Girmispam. 12.00

1, 20. Casmon Streft. EC. 10.15

Inv. 75t. 1. Laurence Poentney

Vallet Water. Stackwell Hause

Man Road. Watford. Herts. 12.30

Ilchard. Herts. 12.30

Waterworks. 12.00

Waterworks. 14. Upperton

Eastbourne. 11.45

Nidgs., Common Road. Stattord.

honorial Grs. The Park Lane Noted.
Phytogelly. W. 12.00
Phytogelly. W. 12.00
Source and nigrounder Tax. 44. Bloomshory
Source WG. 12.15
Phost Plate and General Inv. TSt. 44.
Siconshory Square. WC. 11.15
Systain Aprichtural Inds. The North
Erroyal Honel, Princes Struct, Euleborgh.

Financial Times Monday March 22 1982

DIVIDEND & INTEREST PAYMENTS— Alterd Suppliers Hidgs, L.m. S. Sape Assoc. Smiss Pooss Los. 24. Jape Isriter and Doctoo Los. 24. Jape fack and Doctoo Hos doc fack and Declar Manufacturing 19ets sallough 5.35s

Gravesend Brewery SpcPf. 2.1sc American Inv. 3.15s and Mercantile Inc. 2.5s Number Waterworks

the The Figure and Hearten SIVIDENO & INTEREST PAYMENT

APPOINTMENTS

New head of finance at Showerings

Mr Peter Rosewell has been appointed finance controller of SHOWERINGS, VINE PRODUCTS AND WHITEWAYS, the wine, spirits and soft drinks division of Allied-Lyons, effective from March 8 tive from March 8.

LLOYDS LIFE ASSURANCE has appointed Mr Brian Coyle as regional manager, Scotland and Mr John O'Rorke as assistant mass marketing manager, division.

Mr George Gonszor. Mr Philip Gooding, Mr Leslie Goodman and Mr Donald Rushton have been appointed to the board of HILL SAMUEL AND CO from April 1.

Mr Gilbert C. Hinckley has been appointed group managing director of the SANDIRON HOUSE GROUP OF COM-PANIES, Sheffield, as from PANIES, March 15.

BLANFORD AND HOUDRET, the London-based Battic air Mark Miller bave been appointed brokers and general sales agents to the board of the NATIONAL

for Aviaco, Spain's foremost owned subsidiary of the Hearst scheduled and charter sirline, Corporation.

MAGAZINE COMPANY, wholly man of GOLDENIAY is in the control of the Hearst board of YEP, while left in the control of the contr for Aviaco, Spain's foremost scheduled and charter alrline, announce two new board appointments. Mr Eddle Tribe, formerly managing director, now becomes chairman and director and Mr Mike Shiman is

appointed managing director. -Mr Neil Kenoedy has been appointed a director of BERRY ASSET MANAGEMENT.

WIGHAM POLAND announces that Mr Richard Allardyce has joined the group and has been appointed to the boards of Wigham Poland Oil and Gas and Wigham Poland Marine.

Mr Nick Scott has recently een appointed financial been . director of CENTRE-FILE, National Westminster Bank's computer bureau subsidiary.

Mr Stephen Hemsted and Mr

HARGREAVES REISS AND QUINN announces that Mr Alistair Forsyth, currently Alistair Forsyth, currently managing director of the parent company Caledonian Produce (Holdings), has been elected chairman

Mr Bengt Duner who group managing director of SAFVEANS, and chairmon of Ekman, and Stnart Scholes, head of the packaging films and board division, have been elected as directors of Ekman Cleave.

Mr Derek Austin Wallace Newman has been appointed deputy chief executive of ALLIED ARAB BANK in succession to Mr Peter Carlyon Rees, who has retired. Mr Rees remains as a director on the board.

Humphrey—chairman of Thurste Valley Eggs—becomes dentis chairman. Both appointments chairman. Both at

BRITISH GAS has appointed Mr Allan McKay to be deputy chairman of East Midhads Region and Mr George Language deputy chairman of Morth Western Region. Both are differently regional directors of Spanes.

HORSTMANN GEAR GROUP has appointed Mr Dudley G. G. Barker as financial director. He was finance director of Newalis Insulation, a member of Care Industries. Mr John Briggs has been appointed to the board of

UNITED CERAMIC DISTRIBU-TORS as a non-executive Mr Briggs is a director of Biagden Industry, Bunzi, Norce The newly appointed chair and British Rail Western Board.

DEVELOPINE INDUSTRALIA CALLANDS INDUSE Board Ltd From the West Midlands Enterprise Board Ltd From the West Midlands Enterprise Board Ltd

We're aiming for long term growth in the economy of the West Midlands by investing in medium to large scale firms. If your company is looking for development capital you'll want to know:

Who are we? The West Midlands Enterprise Board Ltd has been set up by the West Midlands County Council to maximise investment and employment

How much will we invest? Probably £100,000 to £3,000,000 in firms employing about 100 people upwards.

What do we offer? Long term finance through a package of equity and loans at competitive interest rates. How are we different? We offer constructive involvement when investing in

financial package can include features such as site purchase and leaseback. Firms must be based in the West Midlands County area or intending to locate there: companies are required to enter into an agreement to remain in the West ...

companies who share our primary objective-long term capital growth. Our flexible

Midlands and appropriate employment and investment targets. We are interested in seeing proposals from firms who feel they could benefit

Write to Norman Holmes c/o Economic Development Unit, West Midlands County Council, County Hall, Lancaster Circus, Birmingham B4 7DJ.

from partnership with the Board.

Development Capital for West Midlands Industry

CONTRACTS AND TENDERS

REPUBLIC OF DJIBOUTI DJIBUTI PORT AUTHORITY

BID NOTICE - PREQUALIFICATION

The DJIBUTI Port Authority will call for international bid for the creation of a container terminal and other civil works.

The works are expected to be financed by the Kuwait Fund for Arab Economic Development (K.F.A.E.D.) and Arab Fund for Economic and Social Development (A.F.E.S.D.).

Contractors who are interested in the project can obtain prequalification documents at BUREAU CENTRAL DETUDES POUR LES EQUIPEMENTS D'OUTRE-MER (B.C.E.O.M.). attention Division P.V.N.—15. Square Max Hymans—75741 PARIS CEDEX 15.

Prequalification documents will have to be submitted before April 19, 1982.

GOVERNMENT OF GIBRALTAR PUBLIC WORKS DEPARTMENT

The Government of Gibraltar Invites Tenders for Contract PWD 9/81

· .for 1350 M3/DAY DISTILLATION PLANT

This contract is far the first phase at a sew seeweter distillation plant to be constructed on reclaimed land edjecent to the North Mole. The coatract coasts at the camplete turnkey supply, delivery, arection and commissioning at a 1350 my/day multistage flash distiller, together with its assection mechanical and electrical auxiliaries lactuding a packaged survivery bailer, to relea ateam for the distillar, in conjunction with waste heat recovery bailers being installed under eastbar contract in the new dissell power station on jutty No. 5. This contract slop includes the distiller building, with overhead crane, civil works, control building and a new seawater pumphause at the and at jetty No. 5. Buried seawater pipelines and discharge culverts are included in the contract. The contract will include an option to purchase a second identical distiller, with associated beiler, auxiliaries, civil works and plant building.

It is desired that the desalination plant be in operation as early as sailed and early delivery and commissioning is essential.

Tender docoments may be obtained from Presce, Cardew and Rider, ston House. 165/167 Preston Rosel. Brighton BN1 8AF, the Consulting gineers to the Government of Gibroltar far this project. Applications Presce, Cardew and Bider should be accompanied by a cheque for £80.

The Tander closing data will be at 12.00 noon an 1st June 1982 in Gibrelter. Fixed price destracts are required, with proposals for extended terms of payment. Tenders should be accompanied by a 5% Bid Bond valid for six months and the successful Tendersy will be required to omvide a 10% Portarmence Bond.

CONTRACTS & TENDERS ADVERTISING

appears every Monday

The rate is £27.50 per single column centimetre

COMPANY NOTICES

Canadian Pacific Enterprises Limited

DIVIDEND NOTICE

The Board of Directors of Canadian Pacific Enterprises Limited. at a meeting held at Montreal, Quebec, on the 5th day of March, 1982, resolved that a quarterly dividend of twenty-eight cents (28c) Canadian per share on the outstanding Common Shares of the Corporation be and the same ishere by declared payable on April 21. 1982 to shareholders of record at the close of business on March 17, 1982:

By order of the board,

G.S. MacLean Vice President Administration and Secretary

Montreal, Quebec, Canada

March 5th, 1982

NOTICE OF RATE OF INTEREST

by: NATIONAL BANK OF ABU THABI

18th March, 1982 .

Agant Benk

3 - 1 - 1 - 1 - 1

U.S.\$30,000,000.- FLOATING RATE NOTES DUE 1987

16th March, 1982

SIAM COMMERCIAL (CAYMAN)

U.S.520,000,000 GUARANTEEO FLOATING RATE NOTES OUE 1984

Persuant to the terms and conditions at the notes, notice is hereby given that the loterest rate for the sixth interest period of 22 March 1982 by 22 September 1982 has been fixed at 157% to 15 laterest amount payable on 22 September 1982 against coupon number 5 will be U.S.78.90 or U.S.11.000 note and U.S.3394.51 per U.S.33,000 note and U.S.3394.51 per U.

EDUCATION

COMPUTER - . PROGRAMMING COURSES

weekend courses Call: LSL COLLEGE Landon 01-794 1504 or 408 0461 Brighton 0273 722080

BANQUE NATIONALE DE PARIS

U.S.SSO,000.000 FLOATING RATE NOTES DUE 1987 la accordance with the previsions of the agency agreement between Banque Nationale de Parla and National Bank of Abu Ohabi, dated as at 5th Merch, 1980, notice is hereby given that the rare of interest hese been fixed at 15th per cent per sanum, and that the coupon amount payable an 22nd Baptember, 1982 against Coupon Na. 5 will be: US\$78.38 and that such amount has been computed on the actual aumber of days etapsed (184) divided by 380.

NOTICE OF RATE OF INTEREST

CREDIT LYONNAIS

Is accordance with the provisions of the interest determination agency agreement between Credit Lyonnais and Netlanel Bank of Abu Ohabi, Paris Branch, dated as at 29th August, 1980, notice is hereby given that the rate of interest has been fixed at 15% per cent per annum and that the coupes amount payable an 20th Saptember, 1982, against Coupon No. 4 will be US\$403.65 and that such amount has been camputed an the actual number of days separad (188) divided by 360. by: NATIONAL BANK OF ABU THAB!

- Raference Agent NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EOR) IN SHARP CORPORATION

Paris Branch

or one dividend CittleANK, N.A., London

CLUBS ----

SHARP CORPORATION

NOTICE IS NEREBY GIVEN that a cach dividend, will be paid to shareholders of record date March 31, 182. Furthermore, it has been declared that the shareholders will be vaded exclivition on the japawele Shock Exchanges with effect from March 27, 1962.

Subject to approval of the dividend, a further notice will be published stating the amount and actual date of javinent of the procedure to be followed for obtaining payment thereof 35 soon 25 practicable after receipt of the dividend by the Depository, Coupon No. 2 will be used for collection of this, dividend.

has destined the others because of a lay of fair play and value for money so from 10-300 em. Disco and to lichate. - plemorous motiesses, exciting cahoves, 189, Resent St. 754 0557

Small classes, evening and

THE GABLIGHT OF ST. JAMES'S. London's most exciting husingsman's night club. No membership needed. 2 bars, dozens of denocable companions, intriguing Caberet Acts. Happy Hour 8-9 pm. (Frequired, superb three-course dinner, only 1.5.75. plus service and tax, Estrance less 1.5.75 is retunded to diners ordering before 9 pm. Open Mon-Frt. 6 pm. 2 am. 5.2.7, 9 am. 2 am. 4.0 abe of York Street, W1. Tel: 01-030 4648/4050.

CHICAM EXTERNAL LONG TERM DEFY CHILEAN GOVERNMENT #17% BONOS
POR \$275,000
NOTICE IS HEREST GIVEN that all the
outstanding bonds of the above loan will
be redeemed at par oh its Achi 1882
from which date all interest thereon will
come.

NOTICE TO MOLDERS OF EUROPEAN REPOSITARY RECEIPTS (EIRS) (Coopen No. 3 will be used for collection of the dividend for record of March 20, 1982.

CitiSANK N.A. LONDON

CHILEAN EXTERNAL LONG TERM MET CITY OF VALPARAISO WATER BOARD NOTICE IS HEREBY GIVEN the start the outstanding bonds of the above list will be rederined at an on its Activities from which date all interest thereto, and course.

SPANISH 49: EXTERNAL LOAN The coupons due 1st April 1982 him he executed for payment at \$4.000 he EXTERIOR FULL, 50 London Will tor ton 10.2m and 2 ben 1982 homes the house London Zond Warth 1982

LEGAL NOTICES

PREVENTION OF FRANCE
(INVESTMENTS) ACT 4808
NOTICE IS HEREBY GIVEN that I John King of Memicia. Victoria: Abstration has reformative the Principal's House language and publication to Section 3 of the April House in Section of the biprices of dealing in securities.

Nost John King his made application to the Department of Frederical Application of the Privancian of Frederical International Concest Regulation 1944 (5 R & 9 1944 No 541) for the reliant of the sum of explicit of the reliant of the sum of explication and the full sum of explicit or the reliant of the first sum of explicit or the reliant of the full sum PREVENTION OF PRAUDE funds representing the deposit should send their name, and eddresses and quests of their plats to the Arristont Sepretary. Com-pleties Drighton, Depositions of

ART GALLERIES

FINANCIAL TIMES SURVEY

Monday, March 22, 1982



MEXICO is a very chastened During those six years, which place these days. For a decade coincided with the term of at had fived on a enphoric wave President Luis Echeverria, a new it had fived on a enphoric wave of partially realised hopes of economic bonanza. And any other country would have done

In 1970 there seemed little to halt the inexorable slide towards economic crisis as Mexico found itself unable to pay for the imports needed to keep its industry growing and provide the jobs needed to keep the unemployment situation moving did the same. Today oil pro-from the grave to the disastrons. vides some 70 per cent of all In that year a diplomat in Mexico City commented to me that, as far as he was concerned. the question was not if there to starve in the countryside and they'll soon start rioting," he said.

Then the oil boom started.

Petróleos Mexicanos (Pemex), very remarkable results:

1976 Pemex spent 34 per cent sumptious act. Customers boy. As the peso tumbled last more on investment than in its cotted Mexican oil and Pemex month in a massive devaluation previous 32 years of existence. was again obliged to cut prices which brought it down from 27

plant was inaugurated on average every 34 days.

As hillions of barrels of new reserves were discovered pro-duction shot up and the price

BY HUGH O'SHAUGHNESSY Latin America Correspondent

certainly kept the balance of payments and government revenues from undergoing the was going to be another wave severe crisis which was kooming of revolutionary insurgency but in the early 1970s. Politicians when "People are heginning forecast that the economy would forecast that the economy would grow for years at 10 per cent a

In the past few months however the boom has turned into a nightmare. Last year the the state oil monopoly about Government was so sure that the which the international oil good times would continue companies had been publicly Indefinitely that it sacked the dismissive for years began to head of Penex when he reduced show unsuspected strengths. It prices of crude exports in line started to reappraise its exist- with the demands of the market ing geological information and and raised prices back above drill new exploratory wells with previous levels.

The gods have since taken In the years between 1971 and their revenge for such a pre-

in order to retain markets. At that moment the bankers who had been pressing loans on Mexico, a country they regarded as one of the brightest prospects in the developing world, decided that the outlook courting potential Mexican

At the same time Mexicans and foreigners alike woke up to the fact that the peso had become considerably overvalued as the rate of its depreciation against the dollar was nowhere near matching the gap between the levels of infla-tion in the U.S. and that in Mexico itself.

A further worry came with the realisation that Mexico owed the rest of the world around \$70bn, a figure comparable to the often quoted debt burden of Brazil.

In a very short time sentiment, domestic and foreign, did a remarkable turnabout and everything that a year ago had been taken as a sign of Mexican economic strength—its oil resources, its proximity to the U.S. market, its success in raising tens of billions of dollars on the euromarkets, the relative stability of its currencybecame bear points.

200MING MEXICO CITY SYMBOLISES THE COUNTRY'S GROWING WEALTH. THE SKETCHES ABOVE ARE OF THE COMMERCIAL SECTOR (LEFT) AND THE BUSY TRAFFIC PATTERNS (RIGHT) IN THIS CAPITAL OF 12M INHABITANTS. CENTRE, ONE OF THE OFFSHORE OIL PLATFORMS PRODUCING THAT WEALTH. THE ILLUSTRATIONS ARE PART OF A RERIES

CONTENTS Politics: No threat to ruling party II Economy: Critical year after devaluation II Industry: Braced for tougher times III Military: Eye on Central America III

IN THIS SURVEY BY JIM ANTONIOUS ARIBA, CONSULTANT ARCHITECT

ON A MAMBER OF MEXICAN URBAN AND RURAL STUDIES.

Oil: Exports buck world trend IV Oil: Growing international presence IV Mining: Top supplier of silver IV

Oil: Hydrocarbons in abundance V Foreign policy: Focused on the U.S. VI Tourism: Hopes of end to deficit VI

to 45 to the U.S. dollar fears were again heing expressed that bad economic prospests would hring about political crisis. The pessimists argued that the rate of inflation, which is forecast by ministers to be not less than 50 per cent this year, would hring severe hard-ship to labour which would in any event be hit bard by the slowdown of the economy prompted by the drop in oil

With President José López Portillo and his designated successor Sr Miguel de la Madrid unable or unwilling to defend the existing standards of living of workers, the argument went, the mistrust of government and the disappoint-ment of hopes would sooner or later well np into political protest and possibly even in-

As the Government and public opinion begin to settle down after the trauma of the devaluation and to be recon-ciled to the prospect of several years of growth of not mere than about 4 per cent a year there are signs that the state of panic is lifting. Mexico is realising that its problems are neither unique in the developing world nor insoluble.

the company should with little difficulty have reached a daily production target of 3m barrels and have substantially increased the proportion of saleable light and the proportion of saleable light the country look is a structure of the country look is a structure of the country look is a structure of the country look. Isthmus crudes to the less sought after heavy Maya crudes. Having learnt its lesson in market. As a new exporter, it is

When President Echeverria allowed any rivals near the decided not to take Mexico into seats of power.

Opec he pledged that the The permanence of the PRI country would never undercut Opec prices.
With Opec at sixes and sevens about its pricing policy the Mexicans feel that their Opec

colleagues have made it difficult for them to continue with such a pledge. Mexico is making sure a wasted vote. that it will not be bested in any price war.
There are indications, too,

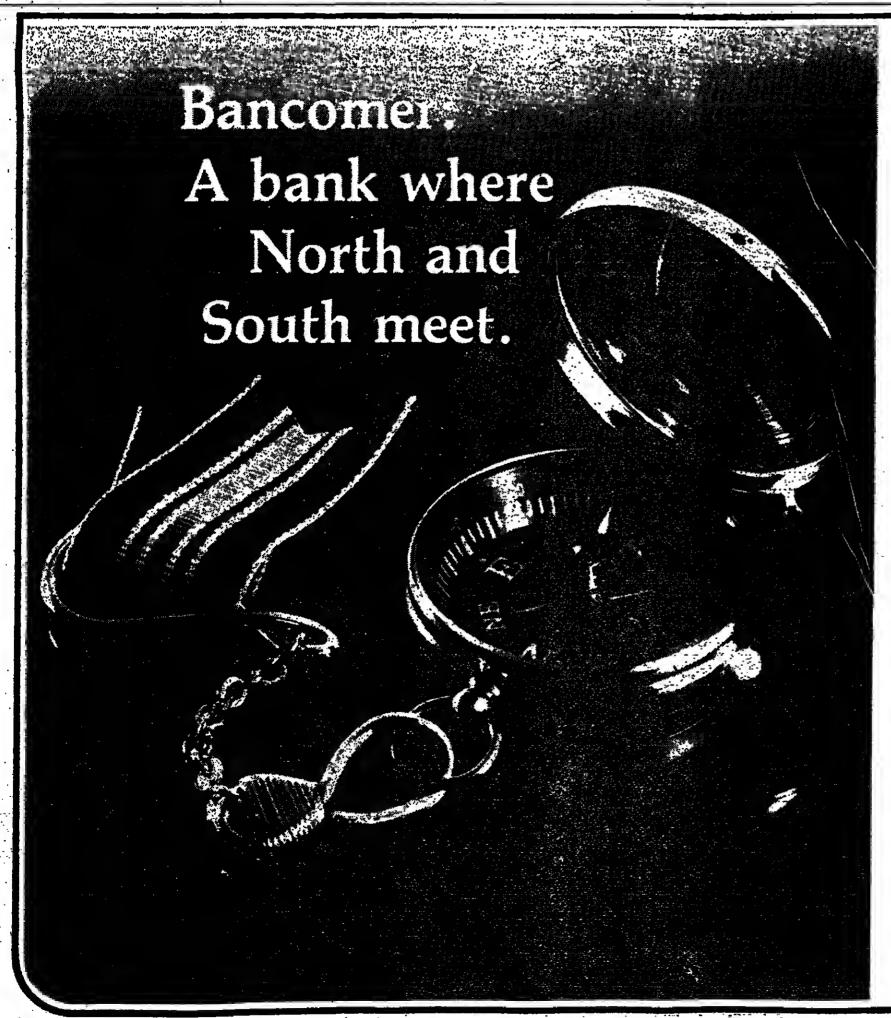
ports are bad and we never knew very much about ships," remarked one industrialist. "Now with a recession

likely to dampen whatever inopetus for revolt there arises in Mexico. Government and 1981, the state oil company is ruling party are almost consubtaking care not to let its export stantial in Mexico. For 50 years prices get out of line with the Institutional Revolutionary Party (PRI) has been running keen to extend its markets and Mexico in a structure which, if consolidate customer loyalty. pluralistic in form, has never

in power has lead to some moribund politics. The opposition parties know that they are going through a nume as they postulate their candidates for president and the voters know that a vote against the PRI is

Apathy about the electoral process hecame so widespread that the Government recently that an export consciousness is introduced reforms to encourage dawning — or being forced — some real, though carefully con-on the rest of industry. "Hither-to we have developed our doubts however that Sr de la industry on the high plateau in Madrid as PRI presidential canthe centre of the country. Our didate will be returned with a big majority in the July 2 elections,

The PRI way of politics has survived because those wbo Pemex is pushing ahead with squeezing demand at home and benefit from the system are an exploration and sales cambbe peso devalued abroad we'll allied to those who see the PRI paign. By the end of the year have to learn to export," he as the only practical way of



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No threat to ruling party despite voters' wider choice

lithic political life under the still very wide. Revolutionary Party (PRI) which has ruled come distribution have been Mexico for 53 years, politics made since then in favour of have suddenly become much the poor, under the impact of more of a mosaic. Nine parties the country's oil wealth, they are competing in the July 4 have been minimal.

presidential and general electric Millions of pensants and presidential and general elections of peasants and tions, five of them for the first dwellers in urban slums live on

of patronage and exercises a strong influence over most of strong influence over most or the media. Under the PRI's stewardship Mexico bas enjoyed a long period of political stability since the 1910 revolustability But the stability or "one arty democracy," as the party democracy," as the at gingering up the PRI by Mexican system has been called, giving it stronger opposition

has not prevented the development of a socially very unbalanced society. The World Bank estimates that between 1963 and 1977 the share of national income going to the poorest 20 per cent of the population fell from 4.0 per cent to 3.6 per cent. The top 20 per cent to 53.3 per cent. But the measures.

tions, five of them for the first time under the programme of political reform.

There is still no doubt, bowever, that the official party will eventually bring win an overwhelming victory.

The PRI is deeply entrenched in the state, controls the system.

Framework

work. The reform is also aimed and combating the high level of abstentions. These are inter-preted as a sign of discontent under the present system. The political reform is taking

place against a delicate background. The country's economy is deteriorating rapidly after four years of boom. Declining cent of the population also saw oil revenues have forced the its share decline—from 56.8 per Government into stabilisation

ing the peasantry, the middle Social Democratic Party (PSD). class and organised labour. But All but the PRI, PPS, PARM the condition of Mexican society and PAN are newly legalised shows that the PRI has done parties. the bidding of the rich while speaking in the name of the

Now, with the emergence of new parties like the United 64 aenators will be the most Socialist Party of Mexico open in Mexico's history.

(PSUM), a coalition party organised around the Communists, Mexican politics are said to be a fair one. Opposibecoming more class-based. The 22m Mexican voters will

have an unprecedented set of

political choices next July. The PRI ticket again includes two insignificant stooge parties, the Popular Socialist Party (PPS) and the Authentic Party of the Mexican Revolution (PARM). On the PRI's right is the National Action Party (PAN), a pro-Catholic Church

(PDM). On the PRI's left, apart from the PSUM, is the Revolutionary Party of Workers (PRT), a genuine Trotskyist party, and the Socialist Party of Workers (PST), which many believe to

gulf between rich and poor is still very wide.

The PRI has long claimed to be in the Government's pocket represent all national interests like the PPS and the PARM.

The PRI has long claimed to be in the Government's pocket represent all national interests like the PPS and the PARM.

In the middle there is the

The elections for President, 400 seats in the Congress (100 of them awarded on a proportional representation basis) and

said to be a fair one. Opposi-tion parties on the Right and the Left have long claimed that the PRI wins some elections by franchem means. The recent elections for governor of the state of Yucatan were widely

But as a well-known Mexican

political commentator once

pointed out, the PRI does not bave to resort to stuffing ballot boxes in order to win elections. party with strong private sector
links, and the more extreme so many human and financial
Mexican Democratic Party resources that it steamrollers the opposition The PRI's high rise beadquarters in Mexico City, adorped with a mural depicting revolutionary scenes, is as large as a Ministry building. The PRI is known as the "Ministry of Elections"

The PRI's finances have loses control of an area and always been a mystery The wistes to get it back in the party receives quotas from its three sectors, particularly from trade unions, most of which are affiliated to the party. State funds are also used by PRI governors and mayors for party

activities.
The PRI has not stated pubicly how much it is spending attempts have been made on on the elections, but it is the life of Juchitan's mayor and believed that the party's campaign is costing tens of millions of dollars.

of dollars.

Its advertising outlay alone is forbidding. Uno Mas Uno, the liberal newspaper, relentlessiy prints day after day the four to five speeches given by Sr Miguel de la Madrid, the PRI's presidential candidate.

The speeches however do not appear as adverts although they are run verbatim.

Other parties are receiving some financing from the state, but the amounts are tiny compared with the PRI's fat budget.

pared with the PRI's fat budget. Sr de la Madrid has spent the past five months flying about Mexico in the PRI's jet. Hordes of Mexican journalists accom-pany him and are paid by the PRI's Press department for covering the gruelling cam-paign. There are also other

perks for Mexican journalists. When Sr de la Madrid cam-paigned in Baja California, paigned in Baja California, Mexico in the 1981 Amnesty journalists were able to buy International report says: "The television sets and other con-concerns of Amnesty continue television sets and other consumer goods in that state's dutyfree zone and bring them back
to Mexico City to sell on the

coursel. Rebellious students reasons for arrest were political, bave been co-opted by the PRI and gone on to enjoy successful arrades union or peasant. The PRI does rule by consent. The system's greatest in-built safety valve is that the President of the problem is greater now than ever.

William Chislett Mexico City Correspondent the stick to exercise political criminal charges when the real control. Rebellious students reasons for arrest were political,

The Communist-run town of Juchitan in the state of Caxaca, the only one on the American mainland, came under attack from Right-wing groups after the PRI lost the municipal elections there last year. Two

BASIC STATISTICS

Area:	1,973,000 sq km
Population:	71.91m
Currency: Mexican pe	so, £=82.60 peses
GNP (1980):	4,159.8bn pesos
Per capita:	57,840 pesos
Trade (1980) Experts:	357.52bn peses
Yesterston	448 97hm manag

State authorities also tried to discredit the town by carrying out a politically inspired audit had been paid by a leading of the town's books. An audit member of the PRI-affiliated was never carried out under the

Despite the political reform, buman rights abuses are still committed. The chapter on lack market: under torture as the only The PRI uses the carrot and evidence to convict people on

ficularly intense. Some peasants who have occupied land have been killed by paramilitary units in the service of large

landowners.
Activists in "independent" (i.e., Left-wing) trade unions. are also prone in attack. The murder of Sr Misael Nunez. Acosta in 1980 is still a burning issue among those teachers in the state of Mexico trying to form their own union.

Mexican newspapers reported the arrest of two people charged with Sr Nunez Acosta's death. They confessed to the crime to the police and claimed that they national teachers union. The two men were imprisoned and later escaped.

The repressive side of the Mexican political system is a far cry, however, from the abuses committed in most of the rest of Latin America where Right-wing military govern-ments rule by terror. One of the PRI's successes is that it has eased out the military from direct political power. The Mexican system is re-

the National Committee for the Defence of Prisoners, the Persecuted, Disappeared and Political Exiles. Her son disappeared in 1974. An estimated absolute monarchs for six years. They control the bureaucracy, the judiciary and the PRI and though their right to veto all legislation passed by Congress they also control the legislature. The President is aiso commander-in-chief of the armed in some areas like the Huasteta in the state of Hidalgo is particularly intense. Some peasants

term of the presidential office there is a large turnover every six years even down to the level of departmental heads within the Ministries and the

public sector. The regular turnover gives PRI activists a good chance of achieving political or executive power at some stage during their career. Public sector jobs can be extremely lucrative.

Corruption under the present government has reached unpre-cedented levels. A senior Mexican banker estimated that officials in Pemex, the state oil monopoly, receive on average a 10 per cent rake-off from con-tracts with foreign and

domestic suppliers. President Lopez Portillo himself compares corruption to a "cancer which runs the risk of devouring Mexico if we do not succeed in controlling it." Sr de la Madrid has made the fight against corruption a central part of his campaign and has called for a "moral renova-

All presidents have made the

Critical year for economy after peso devaluation

ECONOMIC INDICATORS

† Estimate. Remainder Central Bank figures.

social unrest. Unemployment ation, after 28.7 per cent in

1981

26,2

1.8

stabilisation programme follow ing last month's 40 per cent devaluation of the peso.

For the past four years the economy has roared along like an express train, thanks largely to the country's massive oil wealth. Real growth has averaged 8 per cent during that period and an astonishing 2.8m new jobs have been created. Substantial progress has also been made in agriculture, Mexico's Achilles heel, where growth of output is now greater than the explosive population

But this impressive performance has only been achieved at a high finencial cost. Mexico now has the daibious distinction of being the world's most indebted country, with a total The public sector external debt has risen 85 per cent in the past four years to \$48.7bn and the private sector debt is reliably estimated at \$15-20bn.

The current account deficit was a record \$11.7bn last year, 73 per cent more than 1980 and almost 5 per cent of Gross Domestic Product (GDP) despite a significant increase in oil

The public sector deficit of 735km pesses (\$27.2bn) was 12.5 per cent of GDP List year-Inflation has spiralled and the

peso became overvalued as U.S. and Mexican inflation rates got out of line.

Mexico's oil wealth encouraged the Government to overspend and be lax about reducing the very high level of subsidies, which were about 10 per cent of GDP last year.

The world oil girt has come as a great shock for Mexico, a newcomer on the present inter-national oil scene—although it was a major producer 70 years

Servicing last year's public sector external debt alone swallowed up some 85 per cent

THIS IS a critical year for the of the \$13.3bn revenue from oil ment prefers not to make public and have also been depositing Mexican economy as the Government. Oil revenue fell \$6bn for political reasons. their dollars in U.S. bank erument gets to grips with a below target because of the glut. The 1982 budget deficit will accounts.

of financial disequilibrium is past to overspend the deficit now severe. Unless there is a could be higher. marked improvement in the external accounts this year there ment is the victim of its own is a very real danger that the progress made over the past into major expansion plans in refused to say hy how much: four years will be undermined. virtually every sector of the President Jose Lopez Portillo As things stand at the moment economy from schools to steel there are few serious signs that on the basis of high oil the government will really cut revenues, it cannot easily call back, a reluctance which is off or postpone the programmes, causing serious concern in The stabilisation programme.

pression of continuing to live in an ivory tower.
Adjustments in an uneven society like Mexico's cannot, of trying to control public spend-course, be made overnight. To ing to curb inflation. Valuation at an effective rate of up to 50 per cent. Interest rates on short-term peso desposits

Real economic growth (GDP) ...

Current account deficit (\$bn)

Consumer prices (per cent rate

of increase)
Year-end public sector debt (5hn)

Oil and gas exports (\$bn)

will increase this year. On the

other hand the longer corrective measures are delayed the greater will be the economic up-

The World Bank warned in its

last confidential report on Mexico—which came out six

months before the devaluation

-that the continuation of ex-

pansionary policies would cul-minate in drastic measures having to be taken in 1983 and

a considerable slow-down in economic growth for two to

growth by almost four points this year to 4.0-4.5 per cent the

Government is still talking of borrowing \$11bn net (\$20bn gross) after almost \$15bn net

This means pushing up the public sector external debt to

nearly \$60bn. As a result Mexico will be very much at the mercy of international interest

rates. Unless they drop substan-

tially over the course of the year, servicing this year's debt will eat up all Mexico's oil revenue of \$13-14bn. In the pre-

sent situation oil revenue is unlikely to be greater than last

Bankers are convinced that

interest margins will have to

rise because of the huge amounts Mexico is seeking. They

are already increasing signifi

Non-oil exports, which declined in real terms by 1.4 per

cent last year, will not greatly benefit from the devaluation be-cause Mexico's overseas markets

canse Mexico's overseas markets are depressed and there is a lack of extra domestic production capacity. The import bill, however, will rise since the economy is closely tied to the U.S. dollar. This year's budget is being cut back by only 3 per cent, which is hardly a belt-tightening measure unless further cuts are to be made which the Covern.

to be made which the Govern-

cantly.

pite cutting back economic

three years.

Tumbling oil prices have be at least 8 per cent of GDP—brought the Government up the pre-devaluation target with a joit. The country's state Given Mexico's propensity in the To some extent the Governsuccess. Having locked itself

domestic and international fin- also includes tax relief for the ancial circles. It gives every im- private sector. This is bound to exert pressures on the already constrained budget at a time

when the Government should be

4.9

29.8 33.8 48.7 59. 3.8 9.9 13.8 115

Companies struggling to meet

the extra cost of servicing their

debt caused by the devaluation

can claim up to 42 per cent of

their foreign exchange losses through tax relief. The Govern-ment will judge companies on

a case by case basis and also

allow those in trouble to defer payment of this year's corporate

Companies like Alfa,

tax until next year.

change rate policy.

The private sector has been

howling that the central bank has allowed the peso to depre-ciate by 42 per cent (as of

March 10) when it was generally accepted that the currency was

overvalued by about 30 per cent. The Bank of Mexico, how-

ever, wants to have a significant margin on the exchange rate— the peso is now undervalued—

in order to compensate for the higher differential between

Mexican and U.S. inflation rates.

a high exchange rate is a means of limiting capital outflows and

discouraging Mexicans from tak-ing holidays abroad. They have

been visiting the U.S. in droves

Besides, in a country where exchange rate controls would be almost impossible to operate because of the very open 2,000-mile long border with the U.S.

59.7

The country's total international reserves, which stood at a record \$10.7bn at the end of 1931 thanks to some expensive short-term borrowings, were whittled down in the six weeks before the devaluation to a low level. The Bank of Mexico has spoke of "veritable assaults" on the reserves.

At the same time interest rates have begun to come down in an attempt to stimulate the depressed stock exchange and to take some of the pressure off the private sector. Prime commercial borrowers could only raise bank loans before the dedenly, after raising them for the to increase by 45-50 per cent were reduced by two per cent on past four years, could spark off this year because of the devalusince the Bank of Mexico began

its flexible policy in 1979. Such a sharp decline would appear, however, to contradict the stated policy of maintaining real" interest rates in order 1978 1979 1980 1981 1982 to avoid another surge of new deposits in dollars as opposed to pesos. Higher interest rates are also needed, say analysts, to

maintain the tighter monetary policy. The Government is also in an awkward fix; with the trade unions, which are pushing to be compensated for the loss in purchasing power caused by the devaluation. The wage increase ceiling was fixed at 35 per cent before the devaluation, which would have allowed workers to regain some of their lost pur-

chasing power given that infla-tion was estimated at 30 per Unions made some sacrifices after the abrupt devaluation of the peso in 1976 and they are now in a more militant mood.

None the less, they are closely allied to the Government through the ruling Institutional Revolutionary Party.

At the time of writing the mines the Government and the

country's largest private sector holding company which has an unions, the Government and the private sector were still negotiaexternal debt of \$2.3bn, are in a ting the extra wage increase. Some observers believe the Government will be lucky to get precarious situation. After over-extending itself before the devaluation—like the country as a whole—Alfa is now tight for away with less than a 15 per

cent increase in wages.
The Government has been The Bank of Mexico (the cen-tral bank) appears determined to maintain a high exchange getting tough with commercial establishments which have broken new price control regu-lations. Over 900 shops, includrate in oder to prevent the peso from becoming overvalued again. Sr Jesus Silva Herzog, ing major department atores, at the Perisur shopping complex the articulate Finance Minisfer, said there had been a "fundamental" change in exin Mexico City were closed in the first week after the devalua-

The government has extended price controls to products like cars, television sets and a further range of foodstuffs, and is limiting the increases to 10 per cent until mid-May. . Perisur is a fitting monument

to the bad effects of sudden oil wealth. Set among 52 acres with four different department with four different department stores, 154 shops, restaurants and banks, the glass and concrete shopping complex, the largest in Latin America, offers everything from imported Japanese motorcycles (carrying over 100 per cent duty) to sophisticated kitchen-ware.

The volume of trading at Perisur in Mexico's newly straightened circumstances will be an interesting barometer of whether the country has stopped living beyond its means. living beyond its means.

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o Man Cli

Industry braced for tougher times

AFTER FOUR YEARS of 600 of them, employing over dramatically rapid growth 125,000 people.

Mexican industry is bracing itself for tougher times as the tion worked well in the 1950s 23m tonnes by 1990. Secondary built in Mexico is already Mexican industry will be able to the complete of international oil glut and worldwide recession slow the economy's advance.

But viewed with hindsight the current economic problems are likely to he seen as little more than a temporary, albeit large, biccough in the industrial progress of a nation which already has one of the most advanced manufacturing aectors in the developing

Uniquely among the Third World oil powers Mexico developed a solid infrastruc-tural base before it discovered its crude wealth in the mid-1970s This has given the economy a far greater capacity turn them into industrial fixed assets than many other countries — though even in Mexico the past few years have produced manpower shortages and supply bottlenecks

Walk into any large shop in Mexico City and you are likely to be impressed by the wide range of consumer goods bear-ing the "Made in Mexico" label They range from cars and trucks (some 500,000 units a .year being sold at present) through white goods (600,000 a year) and television sets (900.000) to children's toys.

But the country differs in two important respects from other states at the forefront of Third World development-the so-called newly industrialised states such as Brazil and South

It has yet to develop a broadly based capital goods sector and manufacturing is geared overwhelmingly to the domestic market rather than to exports. The Government is anxious to remedy both weak-

Before the oil, boom the country's industrial structure was built up on two economic grounds of security, job creation foundations: classical import substitution and — a Mexican shortage by the time and the innovation — the "maquila-innovation — the "maquila-development of an integrated a type of offshore assembly

industry enjoyed a strong growth rate behind high tariff and quota barriers But by the 1970s the easiest forms of consumer goods substitution were nearing the limit and the deve-lopment of intermediate and capital goods sectors was proving more difficult. Industrial growth slackened. Then, bappily for the Government, along came oil to provide a fresh apringboard for industrial

advance. Growth in manufacturing output, which slumped to a rate of 2-3 per cent in the mid-1970s. soured to around 9 per cent in the later years of the decade. Even last year, with the onset of the glut, a 7.4 per cent growth rate was recorded, according to provisional central bank figures.

Equally dramatic has been the increase in fixed assets by each year since 1977, representment and not an ever-increasing reliance on the petroleum sector, the Government is pushing ahead with an industrial

A major expension of the domestic needs. Production is stantial incentives such as cheap expected to rise from 7m tonnes energy and tax reductions to a year now (4m from the state sector, 3m from private com- and in a large number of panies) to 24m tonnes by 1990 middle-sized towns dotted (18.5m from state companies).

plan whose key features are as

This is one of the more controversial of the Government's affect slowly. plans, with some analysts ques- • Encouragement of the capital tioning the wisdom of such a very large capital commitment at a time when there is a world glut of steel. The Mexicans justify the development on -the possibility of a steel shortage by the time all the oil industry supplies sector.

industry. Maquiladoras plants . A substantial increase in the are strung along the border manufacture of petrochemicals with the U.S., are 100 per cent for both domestic and export foreign-owned, work solely for markets to yield the maximum the export market and pay no raise added from Mexico's growing substantially in recent duties on the import of raw hydrocarbon resources. The aim years. Mexico can now boast. materials. There are now over is to more than double basic for example, two manufacturers

sector can be involved, is due peche. to increase from some 6m tonnes a year to 9m tonnes by the mid-1980s.

Some analysts have raised donbts about the scale and economics of some of the petrochemicals projects — particularly at a time when Middle Eastern oil states are planning a major expansion of feedstock production. There can be little quibbling over the broad thrust of Mexican policy, however. As one industry leader puts it: "The Mexicans have got all the advantages the Saudis bave and more besides—skilled manpow-

er and proximity to the Ameri-

 Decentralisation of industry to under-developed areas of the country. At present some 70 per cent of industry is concenboth the public and private sectors. In nominal terms they have trated in the three big urban by 40 per cent or more centres of Mexico City, Moning a real per annum rise of country's high central plateaufar from the energy and agri-Anxious to ensure that oil cultural raw materials on the leads to broad-based develop- coast and in the north and south.

The Government is therefore developing four industrial ports
-Altamira and Laguna del Ostion in the Gulf of Mexico and Lazaro Cardenas and Salina Cruz on the Pacific coast. Comcountry's steel industry to meet panies are being offered sublocate themselves in the ports around the country. The move is starting to pay dividends,

> goods sector. President Lopez Portillo announced new incentives for the capital goods manufacturers last September and forecast that domestic demand in this area could grow by 18 to 20 per cent a year in real terms over the coming decade. At present rates of development domestic supplies would only increase by 12 per cent a year-leaving a big gap to be met by imports.

Despite his strictures the capital goods sector has been

and 1960s, when Mexican production, where the private drilling in the Sound of Cam-

Nacional Financiera, state development bank, has backed projects to provide the country with heavy castings and forged products, processing equipment for the oil and petro chemical industries, hydraulic and steam turbines, high tencircuit breakers and microwave systems. .

Xenophobic rhetoric notwithstanding, the Government is anxious to attract fresh foreign stment—particularly in the capital goods sector.

Under a 1973 Mexicanisation law foreign investment is of the oil boom, is coming on generally limited to 49 per cent stream. can markets, both North and of a joint venture (40 per cent in the case of petrochemicals). But the legislation was not retro-active, so many companies
—notably the big car manufacturers—are still 100 per cent foreign-owned.

The Government is also pre pared to bend the rules in areas where it is particularly anxious for investment. There have recently been at least two cases of new electronics companies being set up with 100 per cent of the equity held by foreigners.

Attractive

From the viewpoint of the foreign investor Mexico looks an extremely attractive longterm proposition, offering oil, political stability, no exchange controls, full freedom to repetriate profits and dividends and a market of 70m people.

. The immediate outlook is less however. Recently announced Government spending cuts will mean a substantial drop in demand-public spending now accounts for about 50 per cent of total investment, And while the devakuation of the peso should theoretically manufacturing exporters, it will deal a major financial blow to a number of industrial companies which have borrowed heavily in dollars.

During the coming months investment analysis will be keeping a close watch on wage and price changes, since a rapid upward movement in the wake

to take advantage of its current export advantages. The busines community has no streng tradition of exporting—the highly protected home market has offered more attractive profit margins and it will not be easy to start now. Furthermore, Mexico's non-membership of GATT makes it easy for competition in the recession-hit U.S. the main export market-to invoke countervailing duties. So with a significant drop in domestic demand and major export problems, Mexican industry faces a tough few years

tiel new investment, the fruits

just at a time when substan

Martin Dickson

Military

MEXICO is modernising and expanding its armed forces in preparation for a possible spillover of the political turbulence in Central America.

The civil war raging in neighbouring Guatemala, not very far from Mexico's major oilfields, is making the country feel vulnerable. Some 2,000 Guatemaian refugees are flee-ing across Mexico's southern border every week and into the state of Chiepes. Last month the Right-wing military government in Guatemala stepped up its ruthless counter-insurgency campaign in the Oulché and Petén areas near the Mexican

Mexico fears that the Guatamalan guerrillas may set up bases in the Chiapas jungle and that the well-equipped Guatemalan army will pursue them over the border.

Apart from Costa Rica; the

tiny Central American democracy which abolished its army in 1949, Mexico is the most poorly defended nation in Latin America, a region dominated by military governments. But this is now changing. Mexico is quickly leaving the cavalry age.
In August the air force will

of devaluation would again take delivery of the first six of chase of military start to erode Mexico's labour 12 F5 supersonic jet fighters more expensive. cost advantage and reduce the worth \$106m. Last month the

navy received two Gearing class of the F5 jets the air force will destroyers which are equipped not be able to use them effectively with anti-submarine weapons, tively until the country has a The army's cavalry regiments bave been re-equipped with armoured cars and jeeps.

The combined strength of Mexico's armed forces is being boosted over the next six years from 120,000 to 220,000. The current strength represents a minute 0.17 per cent of the 70m population. A 4,000 man rapid deployment force is also being prepared for possible use in areas like Chiapas in the event of strife.

But it is not just perceived external threats which are causing Mexico to strengthen its armed forces. The military build-up, albeit comparatively small, is also part of Mexico's ambition to project itself as a Third World power and to demonstrate greater indepen-dence of the U.S.

It will be very costly, bowever, for Mexico to become a military power. defence spending of 43.7bn pesos (\$971m) is still only 2 per cent of the national budget. This is very low by international standards. Last month's devaluation of the peso has made the pur-chase of military hardware much

When Mexico takes delivery there was a guerrilla movement

military zones. radar air defence system to warn

it of Impending attack. Similarly, the two destroyers are totally inadequate to patrol Mexico's 880,000 square miles of territorial waters. (The UK, by way of comparison, has are World War II vintage and rather run down. Mexico bought them both from the U.S. Navy for the giveaway price of \$600,000. A modern offshore

patrol boat, half the size, costs

Mexico City houses a heavy concentration of people and wealth. This monument

of towers by Matias Georitz marks the entrance to Satellite City, part of the

capital's continuing expansion

eye on Central America

Moreover, the rapid deployment force has no back-up equipment or transport of its own. At the moment it has to rely on commandeering trucks belonging to public sector companies like Pemex, the oil concern, which bardly makes for speedy reactions.

But while the main thrust of the Mexican armed forces expansion is towards external defence, this does not mean that the army is reducing its internal security role. The country's 35 military zones conform in PRI's candidate for the most cases to the boundaries governorship of potentially exof the 32 states. Troublesome plosive Chiapas is also a states like Guerrero, where

in 1973 and 1974, have two

The army is sometimes used several hundred demonstrating students were killed by soldiers in Mexico City.

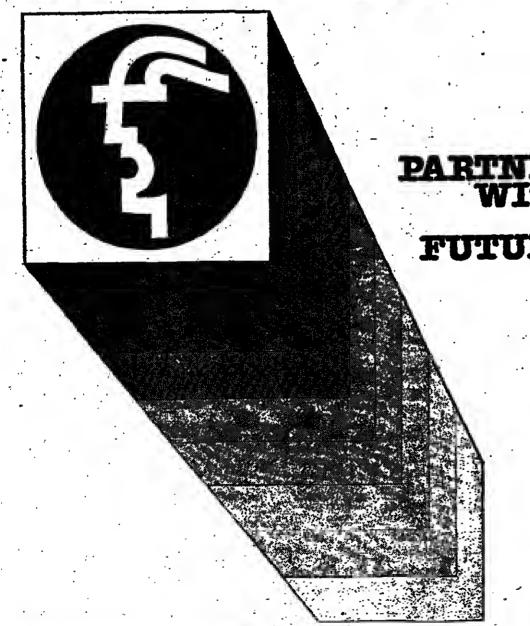
In June 1980 there was a clash between landowners, reportedly aided by the army. and peasants on the Bolanchon estate in Chiapas in which a dozen peasants were killed Liberal bishops still speak out against the involvement of security forces in the repression of peasants occupying land.

However, as far as can be scertained, the armed forces have played no part in the country's decision-making process since the last military president, Gen Avila Gamacho, left office in 1946.

Nevertheless, there is still a cosy relationship between the top brass and the ruling Institutional Revolutionary Party. The President, who is commander-in-chief of the armed forces, generally bas a couple of military men as state governors. The new governor of Yucatan is a general and the

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Oil exports buck the world trend

Martin Dickson reviews the economy's power base—oil and other mineral resources

lower than expected earnings ture growth, if any. Petroleos Mexicanos (Pemex), the state hydrocarbons company. Mexico's crude oil revenues in 1981 totalled \$13-\$14bn—some \$6bn short of original projections and 1982 earnings are unlikely to be much higher:

Amid these much more difficult market conditions Pemex has faced a dramatic shake-up in its leadership. Last June Sr Jorge Diaz Serrano, the company's then director-general, was forced to resign—estensibly over a dispute about oil pricing

The upshot of all these develpments is that Pernex, the darling of the Mexican public when times were good, now faces a much cooler and more critical domestic audience. But it can at least point to two strongly positive developments in recent

• Mexico's oil exports have con-tinued to rise (except for an unfortunate period last summer when it got its pricing wrong) at a time when most other pro-ducers have suffered declining ales volume.

 The country's proven hydrocarbon reserves have been in-creasing steadily. Last September President José Lopez Portillo announced a 6 per cent rise in proven oil and gas reserves from 67.8bn barrels to

Reserves

With oil accounting for over 500m barrels of that total, Mexico had the world's fifth biggest proven crude reserves, lying well behind Saudi Arabia (165bn) but close to Kuwait (64bn), the Soviet Union (63bn) and Iran (57bn). Since then Pemex has un-

veiled several substantial new discoveries and Sr Lopez Portillo was expected to announce a further big leap in reserves on March 18, the day be traditionally makes a statement on the oil industry.

March 18 is a date charged

with emotion for Mexican nationalism since it was on that date in 1938 that the Government took over the foreign oil companies operating in the country and created Pemex. which has grown into one of the biggest of the world's state-owned oil companies, widely noted for its technical expetrise. From 1938 until the early

1970s the Government followed a conservative oil policy. largely meeting domestic demand but producing little for the international market. Matters changed dramatically in the mid-1970s. The 1973-74

quadrupling of the oil price, mounting domestic economic discoveries led to a thorough rethinking of oil policy.
In 1976-77 Mexico revealed to the world that its reserves were much higher than previously

as a major engine of economic growth and set about becoming - significant international The results have been dramatic. In 1976 Mexico produced 897,000 barrels a day (b/d) and exported only 94,000 b/d. It is now the world's fourth biggest producer. This year out-put could reach 2.7m b/d and

imagined. The Government determined to use the resource

exports are likely to average 1.3m b/d or more. . Capital investment in the oil sector has risen from some \$900m in 1976:to an estimated

THESE ARE testing times for \$4.6bn in 1960 and \$5.5bn in After several years of rapidly the Mexican oil industry. 1981 This year, however, the rising oil prices Mexicans the Mexican oil industry.

1981. This year, however, the
The worldwide glut of crude reduced oil price is likely to has meant tumbling prices and dictate a lower rate of expendi-

> Mexico, in common with Britain, has been able to keen its oil sales rising at a time of worldwide glut because it is a politically stable, independent producer which does not belong to the Organisation of Petroleum Exporting Countries (Opec). This makes it attractive to buyers wishing to diversify away from volatile Opec supply sources provided it keeps its prices in line with the market.

> This Mexico signally failed to do last summer in an imbroglio which taught this relative novice to the game much about the workings of the international oil market. The drama began in June when Sr Diaz Serrano, faced with a softening market, announced a \$4 barrel cut in prices. This meant that the country's light Isthmus oil dropped from \$38.50 a barrel to \$34.50 and its much heavier and less attractive Maya crude came down from \$32 a barrel

Since at this time Mexico insisted that its enstomers bought oil in the proportions 60 per cent Maya and 40 per cent Isiz-mus the weighted benchmark price of a barrel fell from \$34.60

A political storm ensued.

found it difficult to adjust to the prospect of a fall and Sr Diez Serrano was forced to resign. However, political issues totally unconnected with the oil price are widely believed to have been an important factor in his abrupt departure. Until that time Sr Diaz Serrano had been

a potential presidential candi-His successor at Pemer, Sr Julio Rodolfo Moctezuma Cid, tried to defy the market by announcing a \$2 increase in the weighted price to \$32.60 a barrel. The result was a revolt customers and a sudden drop

in Mexican exports to little more than 450,000 b/d. Pernex was forced to cave in Not only did it drop its prices by \$2,50 a barrel for Isthmus and \$1.50 a barrel for Maya but also agreed to give customers a 50/50 per cent mix, allowing them more of the lighter Isth-

- Since those dark days the company has been more careful to keep prices broadly in line with the falling market and customers have come back in strength.

Forced

Offshore oil platform near Cudiad del Carmen in

Tabasco State, one of many feeding the country's

oil production

Pemer exported some 1.2m b/d last month and says the total would have been higher



but for the bad weather which prevents loadings at the country's Gulf ports. This comperes with an average of about im b/d last year. By April it expects exports to be running at

For the year as a whole the sim is to average 1.5m b/dthe ceiling on exports fixed by President Lopes Portillo. Industry analysis believe, however, that the soft market and weather problems could make the company fall some way short of that, perhaps around 1.3m

Pemex is contracted to sell 1.72m b/d. The figure is higher than the export ceiling because not all customers will be willing or able to take up their full entitlement in any one month.

Despite the loss of one or two clients who find it difficult to handle the heavy Maya crude, Pemex intends to continue for the remainder of this year with a 50/50 mix.

But the longer term aim, says Sr Gilberto Escobedo Villaion, its commercial director, is to bring more light oil on stream. giving the country greater flexi-bility to vary its offered blend according to market conditions.

As Mexico's oil production has expanded so has its output of natural gas. Some 70 per cent of its gas reserves are estimated to be associated with oil meaning that they must be pro-duced together, with the gas either flared, which is wasteful or sold commercially. With the installation of a new gas pipe-line to its offshore fields, Pemer



Financial Times Monday March 22 1902

has now cut flaring to a m mum and is commercially ducing about 40s cubic 10 ogs a day—all but 300m cubic feet of it being used within to country, largely by industry

The 300m cfd (cu ft saint) of exports go to the U.S. sink g major question facing Mission now is whether to increase this to 600m cfd to compensate financially for the falling price of oil A doubling of our committee would bring in an additional \$500m a year.

The Mexicans have begun talks with potential U.S. customers but there remain several hurdles to clear. Pentax is not yet sure whether significant gas will be available. Intenwould have to be built on the U.S. side of the border and the whole deal would be subject to approval by U.S. federal regulatory agencies

Increased gas sales to the G.S. mereased gas sales to the tab.
would be a significant deparation
for the Mexicans. Negotiations
for a major gas export deal and
lapsed in acrimony in 1978 and
the Mexican Government from
pledged that gas reserves applied
be used primarily for demandic
consumption, though it was mitted the deal for the 300m and to go ahead in 1979.

In the longer term a lay question of international cities cern is whether Mexico will his its self-imposed 1.5m b/d export celling on crude vil. -

National energy plans and in-dependent analysts suggest that by the end of the decade Mexicould be capable of producing b/d-equal to Sandi Arabia's current output. The indications, however, are that the Government would profer to keep production much lower— around 4m b/d, with exports not rising much above their present level.

Overall production will certainly have to rise from its current Government imposed ceiling of 2.75m b/d to come with rapidly increasing domestic demand for oil products ...

-One of the fastest growth areas is petrol consumption, which has leapt forward by 14 to 15 per cent a year for the past three years—far outstropping Gross Domestic Product growth of around 8 per capt Mexico's refineries, which now have capacity for about 1.5m b/d, making the country the 11th biggest refiner in the

world, have not been able to keep up with demand and Pemex has bad to go abroid. It is, for example, now getting some 150,000 to 250,000 ti/dio Maya crude processed in Caribbean refineries and taken back some 70 to 80 per centil the product for itself.

MEXICO Gulf of Mexico Chicontepec MAJOR OIL & GAS FIELDS MAJOR GAS FIELDS REFINERIES Pacific Ocean

Growing presence in international market

MEXICO'S RAPID emergence as a key element in the international oil supply/demand equation is underlined by a simple but telling statistic.

Lest year, as the world be-came glutted with oil, only two major producing countries managed to boost their output significantly. One was Britain, whose production rose 11 per cent, the other Mexico, with an even bigger rise of 19 per cent.

The North Sea and Mexico are the only two major sources of non-Communist non-Opec oil to have emerged during the past decade. As such they are perticularly attractive to comdiversity their crude purchases and reduce dependence on the

So while the glut bas forced most Opec producers to reduce exports sharply during the past year, Mexico and Britain have been able to keep sales rising —which has in turn helped make the glut greater and put downward pressure on prices.

year, Mexico bas become the world's fourth largest oil producer. This figure rather overdramatises its world role, howd48,000 b/d of exports. Last
ever. It remains a long way
behind the leading producers
cent of exports of 1-1.1m b/d.
(Saudi Arabia, the U.S. and the
This year U.S. customers (Saudi Arabia, the U.S. and the This year U.S. customers Soviet Union), is only a short account for 43 per cent of head in front of several others Pemex contracts, with Europe and accounts for only 4 per

cent of total world output. That said its buge reserves tomers include British Pet-

market, where declining The agreement provoked some domestic production has meant sharp protests from Opec pro-increased reliance on imports ducers, notably Saudi Arabia. from Opec members, notably Saudi Arabia and Nigeria. Sup-plies from Mexico offer much greater security.

But as in so many other aspects of their prickly relation-ship, what suits the U.S. does not suit Mexico. In a move aimed particularly at the U.S., the Mexican Government's energy policy spells out that no one country must receive more than 50 per cent of Mexico's

Customers

During the past few years Mexico has carried out a deliberate and rapid diversification of its oil customers, so that while the volume of sales to the U.S. has continued rising With an expected 2.7m bar- this has represented a declining rels a day (b/d) of output this proportion of Mexico's total

As recently as 1979 the U.S. took \$4 per cent of Mexico's 443,000 b/d of exports. Last taking about 33 per cent. Recent additions to Mexico's list of cus-

balance for many decades to 50,000 b/d to the U.S. strategic Mexico's beavy Maya crude. This oil reserve under a deal conmakes it difficult for the Cubans at present, there is similar more keenly felt than in the under a deal to dispose of the 50/50 heavy/ scope for such a policy. The under a deal to dispose of the 50/50 heavy/ scope for such a policy. The under t

Some 65,000 b/d of Mexican exports are going to Central American and Caribbean countries on soft terms under a joint aid agreement reached by Mexico and Venezuela—Latin America's other big exporter— in August 1980. The recipients get a very favourable mix of crude—70 per cent light and 30 per cent heavy, as against a 50/50 blend for other customers-and can defer part of crude and investing in numerous the payment.

One country, however—Hon-duras—is having difficulty processing the heavy-crude and is not expected to continue liftgs. Mexico has been having difficulties of its own during the past six months in getting payment from financially troubled Costa Rica and Nica-

A major Caribbean deal which has long been mooted but never come to fruition is for Mexico to supply Cuba, taking over from the Soviet Union, with the latter replacing Mexico as supplier to Spain, thereby greatly saving transatlantic shipping costs.

Mexico has held fresh talks with all sides but an agreement still seems remote. A basic means that Mexico is going to roleum, taking 40,000 b/d, and be of substantial and growing Shell, taking 50,000 b/d.

Mexico is also supplying capacity which cannot take

light blend the Mexicans are willing to sell them. Nor do they have the hard currency needed to pay.

Strategy

An important aim of the Government's strategy has been to gear crude sales to purchastechnology or the buying of its gramme and the Mexico was non-oil exports. Japan, for underground railway.

Peace was restored when CF. increasing amounts of Mexican projects, including the construc-tion of port facilities on Mexico's west coast.

major row blew up be Mexico and France after (F). the French oil company, call-celled a contract for 100,000 5/d of crude on grounds of paic and quality.

Merico then said it had decided to exclude French our panies from the bidding life ing countries' contributions to some high technology and equit ment supply contracts, such as

agreed to resume shipments but the indications are that the Mexicans also had to risid ground before a compro



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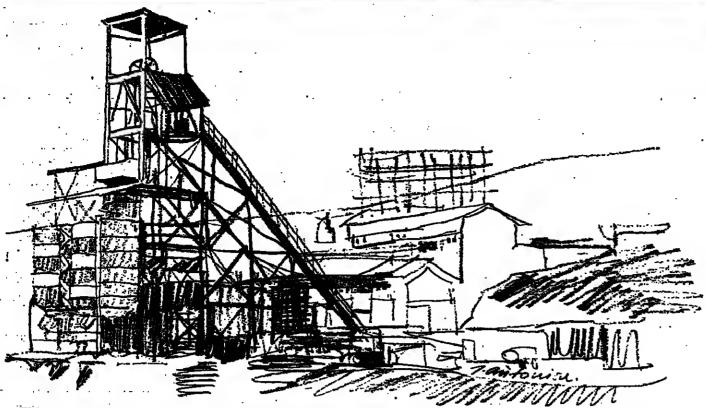
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MEXICO V



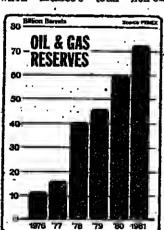
This mine at Las Torres is one of to-day's representatives of Mexico's centuries-old tradition of silver mining.

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Mexico is also the world's leading producer of fluorspar and celestite and it is among the top five countries io the supply of II other minerals and ores; graphite, bismuth, mercury, antimony, quartz arseoic, selenite, sodium sulphate, sulpbur, lead, zinc and cadmium. In all it produces over 40 minerals at mines scettered widely across the

The sector, which accounts for just over 1 per ceot of GDP, has been expanding has been expanding steadily over the past decade at an average real rate of about 3 per cent. A 6.6 per cent rate of growth was recorded in 1980, however-largely because of the extraordinarily high price of silver in that year. when Mexico's total non-oil



SILVER and Mexico bave been mineral earnings reached \$2.3bn, more synonymous ever since the Those beady days have given helpin spenish came seeking wealth. way to much more sober times priorisis. in the 16th cectury; today the as the international recessioo country is still the world's has led to a slump in mineral leeding producer of the metal. demand and prices. The silver

lowest level for 21 years. "Mexican production geoer-ally increased in 1981 but profits suffered," says one analyst. The blame can be pinned oo the high domestic inflation rate

aod poor market prices."
The outlook for 1982 is mixed. Production will receive a major boost with the opening of the world's largest opencast silver mine — Real de Angeles in Zacatecas state — but domestic inflation remains high and a recovery in prices depends on the international economic out-

Exploration

Against this uncertain background there has been a perceptible slowdown in capital investment over the past 18 months, although exploration continues strongly. Some \$100m attogether will be spent this year by both the public and private sectors in the hunt for

The mining industry presents a complicated combination of Foreign ownership is limited to a maximum of 49 per cent in the private sector and 34 per cent in the mixed sector. The role of the state has expanded markedly over the past decade, with Government companies now eccounting for 30 per cent of mining output compared to 20 per cent

ernment has been keen to encourage the development of

lebour-intensive, thus helping meet its top economic priority, the creation of oew johs. And it is, employment in the sector bas riseo from 60,000 io 1960 to 160,000.

boom but removed last year also led to a scaling-down of

private sector lovestment plans,

Mexico's silver production

comes mostly from ores contain-

ing lead, zinc and copper, as

well, so the output of all four

tends to be linked. Output of

zinc is curreotly running et

about 238,000 tonnes a year

lead at 145,000 tonnes and cop-

Copper production received a substantial boost io 1980 with the opening of Mexicane de

Cobre's La Caridad mine in the

However, the project has been plagued with problems which have placed a question

mark over its economics. Cost

overruns have been immense

and it has still to reach its design capacity. The plant's smelter has yet to be completed

and work on a planned refinery

has been repeatedly delayed.

Phosphates. Mexico is becoming a significant phosphates produce through the exploita-

tion of large reserves in the north-western Baja California region. Its first mine, at San

tonnes e year. The operation is

being run by Rofomex, a state-

owned company which is also

responsible for the development of low-grade phosphate deposits

at Santo Domingo, also in Baja California.

operations this year. Productioo could build up to 45m tonnes

a year of conceotrate, giving the

country sufficient output to

• Uranium. A big boost bas been giveo to Mexico's huot for

uranium by the Government's extremely embitious ouclear power programme—designed to add 20,000 MW of ouclear plant to the generating system. Although this programme could be cut back because of

budget constraints, Mexico is scheduled to hring its first nuclear plant—Laguna Verde— into operation in 1984. The first

charge for the reactor will come from abroad but Uramex,

the state company responsible for finding uranium and exploiting it, expects to provide the second charge from domestic

begin exporting.

Santo Domingo should begin

capecity of

northern state of Socora.

per 175,000 tonnes.

Overruns

There are estimated to he over 15,000 separate mining ventures io the country, involving over 920 companies. But despite this impressive tally, most of the output comes from

a handfoi of major companies. developments Important uoder way include the follow-

Silver. The Mexican industry, which currently produces about 50m troy ounces e year, 18 per cent of Western output, could boost the figure to 60m ounces by the mid-1980s.

Output has remained relatively flat in receot years, partly because the soaring price of silver eocouraged the working of relatively low-grade ores. Substantial expansion plans

are oow under way at several existing mines, however, and the industry will receive a major boost this summer with the opening of the new Real de Angeles mine. When it reaches full production in 1983 it should have an annual output of 7m troy ounces.

The mine is a joint project Juan de la Costa, came on between Minera Frisco, a large stream in 1980 with an instal-Mexican private sector company led meot of Canada (34 per cent) and Fomento Minero, a Govern-ment development agency.

 Mexico's biggest silver pro-ducer is the Penoles Group, which mine some 15m troy ounces annually and is also an important producer of lead, zinc, copper and fluorspar.

A oumber of other silver mining projects, which could boost output to 70m troy ouoces by 1990, are being held back because of low world prices and small and medium-sized private high interest rates. An excess sector mines which tend to be profits tax slapped on by the

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Search proves abundance of hydrocarbons

TREASURE BEYOND the 200km from north-east to sooth-wildest dreams of any Spanish west, with the gravity of the cooquistador lay undiscovered beneath the territory of the ancient Mayan civilisation until ouly a few years ago.

It was in this aree of southeast Mexico that Pemex made some of the most significant world oil discovers of the 1970s and is still making major

The Mexican oil industry founded at the dawn of the 20th century, was traditionally located further up the Gulf Coast, roughly in the region between Tampico and Tuxpan. Then in 1972 Pemex began

making a series of oew discoveries in an on-shore area of the south—the Chiapas— Tebasco Mesozoic province, commonly known as Reforma. Oil and gas bad been found in the area before but never in auch quantities.

In 1975 the hunt moved off-chore to the Sound of Campeche, just to the north of Reforma, and the finds there rapidly dwarfed all that had gone before.

Driling rigs and production and the Campeche-Reforma area now accounts for over 90 per to produce 8m b/d by the end cent of Mexico's output of about 2.3m barrels a day (b/d). Some 1.2m b/d comes from five offshore fields—Cantarell, Abratun. Pol, Cu and Malcob—and a further 900,000 b/d from Reforma.

Reforma will give it the capacity develop Chicontepec.

• Sabinas. Located in the north, this is the country's bigner that Pemex will necessarily choose to market the oil of the proportions.

Reforma will give it the capacity develop Chicontepec.

• Sabinas. Located in the north, this is the country's bigner that Pemex will necessarily choose to market the oil of the proportions.

Reforma will give it the capacity develop Chicontepec.

generally lightening from north to south. Thus io the oorth-east of Campeche Sound, oils are found with e very heavy gravity of 15 to 24 degrees APL To the south-west, but still off-shore, the gravity runs from 28 to 32 degrees API. The ceotral Reforms fields have a gravity of 25-35 degrees API but to the extreme south Pemex has mede some extremely light finds—as birth at 50 degrees API.

high as 59 degrees API. The lighter the oil the higher its value because the refinery is able to make a bigger pro-portion of high price products—such as petrol—from a bar-

At present Mexico is produc-ing about 50 per cent of its oil from beavy offshore finds and 50 per cent from lighter ones, both offshore and onshore.

Proportions

Bot with the oil market slack and customers able to pick and choose, Pemex is working hard to build up its reserves and production of light oil. The hope is that new development drilling equipment rapidly moved south in the Campeche Sound and and the Campeche-Reforma area Reforma will give it the capacity in the Campeche Sound and

yet to be fully explored for hydrocarbons, the four most important areas are:

contain some 34bn barrels of the country's proveo hydrocarbon reserves—over 40 per cent.

Water depths are shallow—60 to 200 ft—keeping development processing operation—at Los costs relatively for Market and Market Processing operation—at Los costs relatively for the processing operation and processing operation—at Los costs relatively for the processing operation and processing o Campeche. Estimated

• Reforma. Some 13bo barrels heve been proven in this on-shore cluster of fields, extending over an area of 7,000 square miles. Wells are particularly deep, 15,000 ft or more. · Chicontepec. This lies in the

traditional production area of the Mexican oil industry and Pemer says that Chicontepec is the second most important source of proven hydrocarbon reserves, with some 17.5bn bar-rels. The area is not a particularly attractive development prospect, however. The wells are shallow but reservoir characteristics are poor and flow rates are low—just 30 to 40 b/d. Pemex estimates that it will have to drill some 14,000 wells over the next decade to

a further 900,000 b/d from Reforma.

Pemex geologists are now confident that Campeche/ Reforma forms a single geological structure, stretching some some cover 80 per cent of Mexico has cross to market the oil on these proportions.

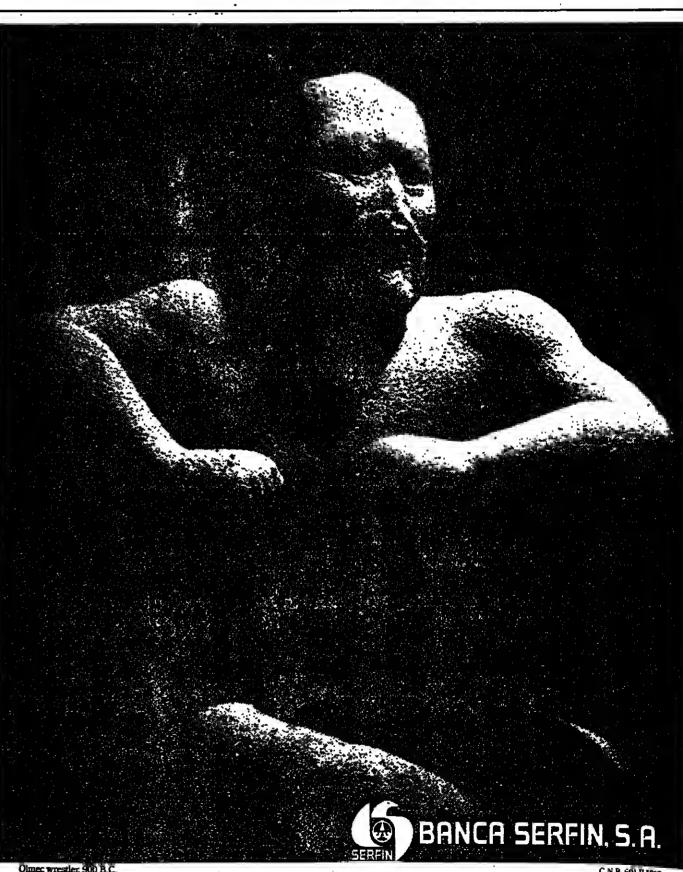
In all Pemex plans to drill production is currently running at about 200m cfd. Last year country this year and 237 Pemex made a commercial gas development wells. Although find at the northern cod of the over 80 per cent of Mexico has

Although only 10 per ceot of the country has yet heen explored for uranium, Uramex has enjoyed considerable success. Mexico's economically

costs relatively low. Wells are extraordinarily productive—should begin this year and will rates of 50,000 b/d beve been recorded in the largest field, Cantarell. the oext few years in three

CONTRACTED OIL EXPORTS ('000 harrels e day)

Brazil	61.2	3.6
Canada	51.0	3.0
Cent. America	73.1	4.3
France	103.7	6.1
Israel	78.2	4.6
Italy	81.6	4.8
Japan	139.4	8.2
Philippines	10.2	0.6
Portugal	10.2	9.6
South Korea	20.4	· 1.2
Spain	215.9	12.7
UK	91.8	5.4
Uruguay	10.2	·· 0.6
U.S.	753-1	44.3
Total	1.700.0	



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LATIN AMERICAN SURVEYS 1982

Publication	
Date 1982	Survey
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May 12	Latin American Insurance
June 29	Latin American Banking and Finance
July 26	Panama
October 6	Peru
November 30	Brazil
December 15	Andean Pact

Date to be

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Foreign policy obsessively focused on neighbouring U.S.

MEXICO VI

ANY DOUBTS about why Mexico's foreign policy is so of 5 per cent of its oil needs—opposes washington's policy of supporting rightwing military obsessively focused on its neighbour, the U.S., should be cleared up by a visit to the new National Museum of Interventions. Housed in the 16th century convent of Churubusco in Mexico City, the museum relates with the aid of documents, photographs and weapons the long and bitter history of U.S. Mexico entanglements.

Overseas market and the source opposes Washington's policy of supporting rightwing military opposes Washington's policy of supporting rightwing military dictatorships in the face of popular revolutions. It has offered itself as an intermediary to promote negotiations to bring peace to the region, independent of the U.S. Mexico has always believed that a museum relates with the aid of documents, photographs and weapons the long and bitter history of U.S. Mexico entanglements.

It is now putting this belief

Mexico was long under the rule of Spain and after it gained independence from Madrid, was occupied by France for five years in the mid-19th century. But the U.S. is the number one villain in the museum, which is said to be the only one of its kind in the West

The U.S. took away half of Mexico's territory in 1848 and marines occupied the port of Veracruz in 1914. U.S. and other foreign interests dominated the Mexican oil industry until it was nationalised in 1938. Even today Mexicans are still sus-picious of the "colossus to the north." Children are taught to be wary of Uncle Sam. They are flocking to the museum in

One quote from a U.S. mining publication of 70 years ago which appears on the wall of the museum says: "Mexico should be U.S. territory and its inhabitants U.S. citizens." The U.S. had its eye on Mexico'a mineral wealth,

Mexico's foreign policy can-not be fully understood without reference to the past. More than most countries, Mexico's policy has been moulded by historyand the museum is making sure that nobody forgets the past.

Emboldened

Emboldened by its oil wealth, Emboldened by its oil wealth, Mexico feels that it can now afford to cock a snook at the U.S. It is fair to say that up until the Lopez Portllio administration. Mexico, desoite its grievances with the U.S., still Washington would react to its

The U.S. is Mexico's largest trading partner and also the magnet for millions of poor Mexicans fleeing the country's poverty in search of work. Mexico is the U.S.'s third biggest

It is now putting this belief into practice.

The irony is that U.S.-Mexico relations are better now than they have been in a long time, despite Mexico's denunciation of Washington'a policy in turbulent Central America of backing Right-wing military governments. The two countries have "agreed to disagree" over Central America. It remains to be seen for bow long the major differences will last before they affect the bi-lateral relationship between

President José López Portillo and President Reagan have the same kind of close personal relationship which Giscard d'Estaing, the former French president, and Chancellor Schmidt of West Germany had. This friendship is the product of the belief by both Sr Lopez Portillo and Mr Reagan that it is in the best interests of both countries to put the relationship on solid ground, since there are so many conflicting bilateral interests.

Mr Reagan has gone ont of Mexico-unlike Mr Carter, sionary terms, wbose rather patronising, though well-meaning approach infuriated Mexican officials, Mr Carter has still not been forgiven for the gaffe he made at a state dinner in 1979 when he announced that he once Montezuma's revenge (diarrhoea) as a young man in

Mr Reagan attended the North-South summit, hosted by Mexico lust year in Cancon, against the wisbes of bis looked over its shoulder at how advisers because he did not wish to offend his neighbour.

The summit, which brought together 22 world leaders from rich and poor nations, showed that Mexico plans an increasingly active role in Third World politics. Central America is Mexico's

• Whereas the U.S. is arming the junta in El Salvador and is pushing for elections on March 28, Mexico supports the left-wing rebels and has repeatedly called for a negotiated support of the support of tiated political settlement to end the civil war.

• Whereas the U.S. has cut off aid to the left-wing Nicar-aguan Government and has threatened to intervene mili-tarily if the Sandinistas do not stop their alleged arms shipments to El Salvador, Mexico is Nicaragua's main aid donor and staunch ally.

 Whereas Washington wants to renew military aid to the right-wing military government defeat the insurgents, Mexico is quietly establishing contacts with the rebels.

Mexico believes that Washing-ton's policy of viewing Central America's unrest through the ootic of East-West relations is shartsighted. The Government armes that the U.S. should concentrate more on the dire social and economic problems which are at the root of the violence in the region. Mexico is doing Mr Reagan has gone ont of this and supplying Central his way to show deference to America with oil on conces-

Foreign policy in Mexico has traditionally been much more liberal than the conservative domestic politics of the Institutional Revolutiary Party which has ruled Mexico for 53 years. The current radical approach helps to fend off Left-wing criticism at home.

But in the case of Central America, which Mexican officials like to point out is as much their backyard as the U.S.'s, there is not much

by 40 per cent.

search of fun, cheap consumer goods, and property. Mexico's increasingly affluent middle-class, whose standard of living

has been significantly raised by the country's oil boom, joked that the best buy io Mexico last year was the dollar. One representative of a major U.S. bank said that he used to receive calls from rich Mexican

receive calls from rich Mexican clients asking whether there was any limit on the number of flats you could buy in the U.S. "These people were buying flats at \$200,000 a throw and thought nothing about buying a couple," he said.

It was well known that a Mexican could have a week's

holiday in Las Vegas, Nevada, including air fare, for less than

a long week-eod in the local resort of Acapulco - provided be didn't lose at the gambling Preliminary figures from the

U.S. Commerce Department reveal that for the first time

Mexican tourists spent more per head in the U.S. In 1981 than any other nationals. Mexicans spent an average \$863, \$72 more

per head than their nearest rivals, the Venezuelans,

The result was that 1981 was a black year for Mexico's tourism iodustry, which is a crucial foreign exchange care.

and a major employer. More-

over, but for the devaluation, which is now making Mexicans

think twice about taking a

boliday abroad, the traditional

tourism surplus would have swung into an unthinkable deficit this year.

According to Banamex, the second largest commercial back in Mexico, 3.8m Mexicans spent their holidays abroad last year.

Week-end

posturing.

"We are really afraid that that Mexico had its revolution the mistakes of 20 years ago will in 1910. While there are still be repeated," said a senior Foreign Ministry official, re-ferring to the U.S. blockade of Cuba, Mexico enjoys excellent

relations with Cuba and contends that the U.S.'s aggressive attituda towards Nicaragua could push the country, like Cuba, into the Soviet camp.

Mexico is encouraging the formation of populist and nationalist concernments in nationalist governments in Central America in the belief that this is the way to stop the area falling into Communist hands. State Department officials in

Washington, exasperated by Mexico's policy, believe that the country is playing with fire. In their view the revolutionary bng will eventually creep up the stine of Central America and spine of Central America and into Mexico and its oilfields. Mexican officials, on the other

hand, believe that it is counter-productive for the U.S. to act against what they call "the course of history."

a great many injustices in the country, Mexican society is not essentially feudal or repres in the way that it is in El Salvador and Gustemala.

Many observers believe that the acid test of Mexico's foreign policy towards Central America will come when the country's aouthern neighbour, Guatemala, erupts into revolution—as seems likely to happen.

Will Mexico support the rebule Schiling on the descriptor? rebels fighting on its doorstep? So far, its support for the Guatemalan insurgents has been low key. This, say officials, is because the Guate-

malan opposition has been splintered for a long time and it is therefore difficult to establish firm contacts. Efforts are now being made, however, in form the first

united opposition front. Mexico is watching the moves with great interest.

long record of sound econo-mic growth and successful in their efforts to attract high technology industries.

European

Surveys

Italy

Portugal

in the FT

The following surveys on European countries are scheduled to appear over the next few weeks.

The need to carry out long-overdue economic adjust-ments and a possible shift in the political balance of power make this a significant year.

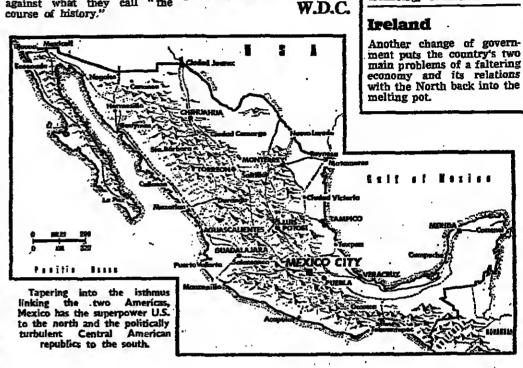
There are signs of a new mood of determination.

Membership of the EEC is still the main target. Will its

leaders achieve fsvourable terms, given the economy's tack of consistent growth?

The region comprising Bayania and Baden-Wuert-temberg, both atates with a

South Germany



Devaluation has put a stop to lavish tourist spending abroad

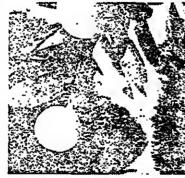
Hopes of end to tourism deficit

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a 20 per cent increase. On the other hand, the number of foreign visitors to Mexico in 1981 dropped by 4 per cent to 4m because of high prices and the recession in the U.S., Mexico's main catchment area. But whereas expenditure by foreign tourists in Mexico went up by a mere 4.7 per cent in 1981 to 81.75bn, Mexican ex-

plummeted 67 per cent to of \$290m. The bank now believes tourist industry should now \$214m.

\$214m. get itself back into a more

MIDDLE-CLASS Mexicans, who have been voting with their air tickets and pouring into the U.S. for bolidays and spending Even if short border crossings are included in the tourism ing the cancellation of holdings account the picture is just as abroad by Mexicans and there attractions, from descrited heak. Mexicans spent \$4.6bn, a befty 51 per cent increase, visiting the number of foreign spectacular Mayan ruins in the sprees, were dealt a severe blow by last mouth's devaluation of the peso. Overnight the cost of ing places like San Diego, Calia holiday in the U.S. shot up fornia, and Houston, Texas, for an afternoon's shopping. American citizens visiting Tijuana for an afternoon at the bullring in-For the past year Mexicans have been taking advantage of the over-valued peso to stream creased their expenditure by over the 2,000-mile border between the two countries in

only 28 per cent to \$4.7bn. As a result the overall surplus on the tourism account plunged by 75.5 per cent to \$308m. The

tourists. Hotels in the main resorts are reportedly booked up for Easter. The devaluation will intensify

inflation this year, since the Mexican economy is closely tied to the dollar. But the price of tourist items like hotels, tours, restaurants should not be seriously affected.

plus, Travel agencies are reportcompetitive position.

Yucatan peninsula. In addi-tion, there is now an extra reason for visiting the polinted, congested capital, Mexico City (population 14m) apart from seeing the famous anthropological museum.

The 18th and 19th century buildings behind the National Palace in the Zocalo (main



The resort of Acapulco draws an endless stream of American tourists seeking sun and entertainment. Strolling musicians (inset) are a feature of the tourist scene.

and directly employs about 650,000—five times as many as Pemex, the state oil concernwith many more in related

Mexico'a nii boom is over. The country is wrestling with serious balance of payments problems in the face of the world oil glut. It is hard to judge the impact

of the devaluation on tourism. But clearly it is an area where quickly seen.

penditure abroad increased by a massive 52 per cent to \$1.540n. Banamex estimeted before the devaluation that this year there would be a first-ever overall tourism balance last year deficit on the tourism account.

If the Government allows worse time for the tourism in-dustry, which contributes 3 per ceot of Gross Domestic Product

hotel operators, many of whom have a dollar mentality, to get away with increasing prices by tha amount of the devaluation then its good effects on the tourist industry will be quickly

> Banamex carried out a survey a year ago in 12 Maxican resorts and 57 in the U.S. and found that Mexican prices for a basket of tourist services (hotel, food and car rental) wera eight per cent higher than in the U.S. Similar surveys carried out in 1977 and 1979 showed positive differentials in favour of Merico of 45 and 28 per cent respectively.

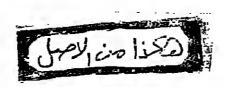
wiped out.

Provided prices are allowed to

square) which have been allowed to fall into ruin are now being restored.

Traffic has been cleared from the area. Early evening, when the buildings are bathed in soft lights, is the best time to wan-der through these streets and imagine how beautiful Mexico City must have been before it succumbed to urbanisation.

Apart from the dayaluation the authorities have introduced a novel and nightly unpopular device to attract more foreign tourists and penalise Mexicans for going abroad. Tourists are only charged 100 pesos airport tax when they leave the country. Mexicans have to pay 300.



6.40-7.55 am Open University (Ultra High Frequency only). 9.08-12.07 pm For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pehhle Mill at One. Schools, Colleges. 3.15 Songs of Praise from Teoby, Dyfed. 3.53 Regional News for England (except London). School. 4.20 Mighty Mouse. 4.25 Jackanory. 4.40 Scooby and Scrappy Doc. 5.00 John Craveo's Newsround. 5.05 Blue Peter. 5.35 The Perishers.

5.40 News. 6.00 Regional News Magazines.

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6.25 Nationwide . including " Watchdog." 6.55 Doctor Wbo, Peter Davison

7.20 Bret Maverick, starring James Garner. 8.10 Panorama. 9.00 News

9.25 Love Slory: Alexa hy Andrea Newman. 9.55 Police: Special discussion

on the series Ludovic Kennedy, 10.45 Film 82 with Miles Kington.

11.15 Pete Sayers Entertains: Self Sufficiency.' 11.38 News Headlines.

Computer Pro-11.40 The gramme.

All IBA Regions as London

except at the following times:

ANGLIA

BORDER

CENTRAL

1.20 pm Centrel News. 2.00 The
Monday Scroon Metrics: "Stolon
Hours," starring Susen Heyward.
Michael Cleig and Olane Beker. 3.45
Money Go-Round, 5.00 Central News.
11,15 Centrel News. 11,20 Left. Right
end Centre. 12.00 Peris By Night.

.. (S) Stere ophonic broadcast

RADIO 1 5.00 am As Redio 2. 7.00 Mike Reed. 6.00 Simon Bates. 11.30 Oove Lee Travis. 2.00 pm Paul Burnett. 3.30 Steva Wright, S.00 Pater Powell. 7.00

RADIO 2

Monday Movie Quiz. 10.30 Star Sound. 11.00 Brien Matthew with Round Midnight. 1.00 am Truckers' Hour (S).

Monday's blas towards fact continues: there's not a scrap of fiction in tonight's aix most notable programmes. In ITV's Nature Wateb Julian Pettifer talks to Ray Goodwin who 12 years ago stalked his prey in the Norfolk countryside as a poacher. Today he stalks animals with a rifle microphone, having become a leading natural history sound recordist. The third in BBC-2's Imagined Worlds series feature Moslem physicist Professor Abdus Salam who won the Nobel Prize for his work on the "grand unification theory." He talks about his search for a single statement describing the entire universe.

TELEVISION

Chris Dunkley: Tonight's Choice

In Panorama on BBC-1 Babrak Karmal, the Soviet approved premier of Afghanistan, gives his first major interview since the Russian invasion. Horizon, BBC-2 is about the boom in private medicine in Britain: will it ruin the NHS or help it by relieving the pressure and will private medicine do anything to tackle the problem of an ageing population with all the consequent medical needs?

In Police on BBC-1 Ludovic Kennedy presents a review of the notorious documentary series. Those taking part include Chief Constable who gave permission for his force to be filmed, and Shadow Home Secretary Roy Hattersley. The programme will also give the results of two opinion polls.

BBC 2

6.40-7.55 am Open University. 11.00-11.25 Play School. 2.00 pm Long, Short and Tall 2.25-2.40 Maths Help.

ý3.35 Star Movie: Adams," s i Katherine Hepburn. 5.10 Can You Hear Me? \$5.40 Laurel and Hardy in "County Hospital."

CHANNEL

5.55 Maggie. 6.25 Riverside. 6.55 News Summary. 7.00 A Tall Story.

10.20 The Blues. 10.45-11.35 Newspight.

7.45 Imagined Worlds. 6.15 Marti Caine. 9.00 The Mike Harding Show. 9.30 Horizon.

9.30 am Schools Programmes 12.00 Cockleshell Bay. 12.10 pm Rainhow. 12.30 That's the Way. 1.00 News, plus FT Index. 1.20 News with Rohin 1.30 Ahout Britain. Thames Houston. Money-Go-Round: Shenton and Tony Bastable investigate consumer problems. 2.30 Monday Matinee: "The Card," starring Alee Guinness and Glynis Johns. 4.15 Dr Snuggles. 4.20 Graham's Ark. 4.45 Murphy's Mob. 5.15 Mr and

6.00 Thames News wilb David Bellin and Rita Carter. 6.25 Help! with Viv Taylor 6.35 Crossroads.

7.00 Nature Watch. 7.30 Coronation Street. 8.30 World in Action. 9.00 Hill Street Blues, starring Daniel J. Travanti.

10.30 The Royal Film Performance 1982: Tonight at London's Leicester Square Odeoo, the stars and techolcians of "Evil Under The Sun" will be presented to The Queen and Prioce Philip:

12.38 am Close: Sit Up and Listen with Roy Plomley. † Indicates programme in black and white

TYNE TEES

1.20 pm Chennel Lunchtime Nows, What's On Where, and Wearher. 2.30 The Monday Matines: "Madame Sin." 5.16 Emmerdele Farm. 6.00 Channel Report. B.30 The Two OI Us. 10.28 Channel Late News. 11.15 Tenapeed and Brown Shoe. 12.10 am News and Weather in French. GRAMPIAN

1.20: pm Anglia Naws. 2.30 Monday Film Matince: "Strangers: The Story of a Mother and Baugher," starring Batte Oevis end Gons Rowlands. 5.16 University Challengs. 6.00 About Anglis. 6.30 Movie Memories. 11.15 The Pelece Plasents: Roger Miller and Melba Moore join host Jack Jones. 12.10 am The Chap Next Door. GRAMPIAN
B.25 am Finat Thing. 1.20 pm North
News. 2.30 Mondey Metines: "Rockets
Galore." otarring Jeannie Carson,
Doneld Sinden end Roland Culver. B.00
North Tonight. 5.20 Cause For Concern,
11.16 The Palace Presents, leaturing
Vikki Carr. Lou Rawie end Eddie Fisher.
12.15 am North Neadlines. 1.20 pm Border News. 2.00 Film:
"The Iron Medan, sterring Michael
Craig. 3.45 Money-Go-Round. 5.15
Bygones. 5.00 Lookeround Monday.
6.15 Canon in the Kitchen, 6.30 Mr
end Mra with Oerck Betey and Susan
Cuff. 11.15 RL Action. 12.00 Border

1.20 pm Gienada Reports. 2.30 Mondey Metines: "A Kid For Two Forthings tarring Celis Johnson and Olane Oore, 5.16 Dick Turpin. 5.00 Priveta Benjemin. 5.30 Gienada Reports. 5.00 Quincy. 11.16 Rugby Lesgue Action. 12.00 The Odd Couplo.

HTV

1.20 pm T6W Nows Neadlines. 2.30
"Medeme Sin," steining Bette Osvis,
Robert Wagner and Denholm Elliotr.
4.12 Gus Nonsybun's Megic Birbbays.
5.15 Emmendale Ferm. 5.00 Today
South-West, 5.30 The Two Of Us. 10.32
TSW Lato Nows. 11.15 Tenspaed and
arown Shoe. 12.10 am Postecript.
12.15 South-West Westher. 1.20 pm HTV News, 12.30 Monday Mslines: "High Trasson," sterring Liam Redmond. 6.15 Infrant Suoksa. 6.00 HTV News, 10.28 HTV News, 11.15 TVS 1.20 pm TVS News. 2.30 Monday Metimes: "The 39 Stape," starring

Perents and Teenagera. 11.45 The Living Legende of Jazz and Biues: 8. 8. King.
HTV Cymru/Wales—As HTV West sacept: 12.00-12.10 pm Dacw Mam Yn Dwed. 4.15-4.20 Mi Magoo. 4.45-5.15 Sér. 6.00 Y Dydd. 8.30-7.00 Report Wales. B.30-5.00 Yr Wythnos. 11.15 World in Action. 11.45-12.15 am Perents Kennoth More. 6.16 Redio. S.30 Coest To Coest. 6.00 Coest To Coest (con-tinued). 6.30 Emmerdale Ferm. 12.35

B-20 am The Good Word 9.25 North-East News 1.20 pm North-East News and Lookaround. 2.20 Mondey Matines: "All The Way Uo." steining Warren Mirchell. 5.15 Olff rent Strokes. B.00 North-East News. B.02 Mr and Mis. 6.30 Northern Lile. 10.30 North-East News. 10.32 Brieling. 11.15 Nemmer House of Norror. 12.10 am Three Million and Rising. SCOTTISH 1.20 pro Scottish Nows, 2.00 Monday Matines: "I Walk The Ume," starting Gregory Peck, Tuesday Weld and Estalle Parsone, 3.45 Money-Go-Round, 5.16 Oiff rent Strokas, 6.00 Scotlend Today, 6.40 Crimedeek, 11.15 Monte Carlo Show: Ban Versen, 12.10 am

ULSTER 1.20 pm Lunchlime, †2.30 Monday Merinee: "Nurse Edith Cayell." starung Anne Naagle. 4,13 Ulater Nowe. 5.15 Redio. 5.30 Good Evening Ulater. 6.30 Mr and Mrs. 9.00 Quincy. 10.29 Ulater Weether. 11.15 Face Your Fulure. 11.40 News at Redime.

YORKSHIRE 1.20 pm Calander News, 2.30 Mondey Matines: "The 39 Stape," starring Kannath More. 6.00 Calender (Emley Moor and Belmont Schuona). 5.30 it's a Vet'e Lils. B.00 Quincy. -11.16 Rt Action. secution on the ground of the

RADIO

2.00-5.00 You and the Night and the RADIO 3

RADIO 3

8.55 em Woethor. 7.00 Newe. 7.05

Mouning Concert (5). 8.00 Newe. 8.05

Moming Concert (continued). 9.00

Newe. 9.05 This Week's Composer:

Franz Liezt (5). 10.00 Music for Organ

(5). 10.50 Bournemouth Suffoniotta

(5). 12.15 pm Music for Two Pienists

(5). 1.00 News. 1.05 BBC Lunchtimo

Concert (5). 2.10 Metinoe Musicele

(5). 3.10 New Records (5). 4.56

News. 5.00 Meinly For Pleasure (5).

7.00 Goetho end Love (5). 7.45 Music

of Eight Oecedas:—Concert from tha

Quoon Elizabeth Hall, London, part 1:

Bertok (5). 8.15 Livings. 8,35 Concert, 5,00 am Ray Moore (5). 7,30 Tarry Woren (S1. 10.00 Jimmy Young (S1. 12.00 Glods Hunnilord (5). 2.00 pm Ed Stawart (5). 4.00 Osvid Hamilton (S1. 5.45 News: Sport. 6.00 John-Ounn (S). B.00 Folk on 2 (S). 9.00 Humphrey Lyttleton with the Best of 1277 (S). 9.55 Sports Cont. 13.00

pert 2: Olivar Knussen (S). 6,30 The Lyttleton/Nert-Bavis Listers. 9.50 Goethe Settings: Song recital, Schubert and Wolf (S). 10,30 Jezz in Britain feeturing the Chrio Francis Trio (S). 17,00 News. 11,05-11.15 [magni'd

RADIO 4 RADIO 4.

5.00 am News Briefing. 6.10 Farming Week, 5,25 Shipping Forecael. 6,30 Today. B,35 The Week on 4, 3.43 Miles Kingston daives into 1h¢ BBC Sound Archiveo. 3.57 Westher, Travel. 9.00 News. 9.05 Start the Wesk with Richard Baker (S). 9.55 National Gordene Scheme Chantable Trust, 10,00 News. 10.02 Money Box. 10,30 Celly Sorvico, 10.45 Moming Story. 11.00

News. 11.05 Oown Yeur Way visits Marlow. 11.50 Poetry Pissael 12.00 News. 12.02 pm You and Yours. 12.27 Semi-Circles with Peule Wilcox and Osvid Wood. 12.55 Wearher. Iravel. programme news. 1.00 The World st Ore. 1.40 The Alchers. 1.56 Shipping Fouceest. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Attemoon Thostrs (S1. 4.35 Scene From a Bridge. 4.45 Story Time. 5.40 PM: News megazino. S.50 Shipping Fotacest. 5.55 Weether, programme news. 5.00 News. Including Financial Report. 5.30 I'm Sorry I Haven's a Clue. 7.00 News. 7.05 The Archers. 7.20 Start Ihe Week with Richerd Beker (S). 3.00 The Monday Pley (S1. 9.15 Letter From Betkezde. 9.30 Keleidoseose. 9.59 Weether. 10.00 The World Tonight. 10.30 Sclence News. 11.00 A Book st Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Pertiament. 12.00 News.

Romans ending baffled many

THE ABRUPT ending last Thursday at the halfway stage of the trial of Mr Michael Bogdanov, the director of the play Romans in Britain, was baffling to the public. Likewise, the raling of Mr Justice Slaughton that Mr Bogdanov had a case to answer, in that the Sexual Offences Act, 1955. applied to a dramatic performance in the theatre, is baffling

The device employed hy Mrs Mary Whitehouse and her self-appointed fellow guardians of our morals, to circumvent the need for the Attorney General's permission to conduct a prosecution for the perform ance of an obscene play, was to look to another part of the criminal law that required no official authorisation but could be prosecuted by a private individual without more ado.

to the lawyer.

The bafflement over the court proceedings focused un the action of prosecuting couosel. It has long been the tradition of the Bar that if counsel at any stage is convinced that it would not be safe to leave the case in the jury, because of the lack of evidence, it is his duty to acquaint the court with his views and ask leave to withdraw the prosecution. If that is done. the court invariably accedes to the request. Counsel has this duty irrespective of any instruc-

tions from his client, whether it be a private person or the Director of Public Prosecutions. Even though the client violently disagrees with his counsel, it would be wrong for the latter to go abead once he had formed a view that the prosecution should not con-tinue. Mrg Whitehouse was told just that by Mr Ian Kennedy, QC. She did not demur.

But the judge did. He thought the dropping of the prosecution was misconceived and inappropriate. He was led to that view because he had only just previously held that there was sufficient evidence against Mr Bogdanov, and therefore counsel could not properly be wishing to withdraw the pro-

insufficiency of evidence. The wrangle between Mr Kennedy and the judge was complicated by the fact that the defence had been lold of Mr

and call a number of famous people to talk the play's artistic

end to the trial. Faced with what one specthe Attorney General extricated of a dramatic performance. (including

Kennedy's decision; and per-the audience engage in a homo-omlssion of the three words haps reluctantly, because it wanted to bave its say in court formance they are liable to be prosecuted for an act of gross were not excluded by the 1968 merits, it accepted the abortive departed from their scripted read the legislation. parts and indulged in an indecent act they similarly could intended as a code of behaviour

Honourable Mr Kennedy) and out to achieve a number of actions are not obscene, they cut the Gordian knot with a aims. It abolished the censor- are prolected from the criminal nolle prosequi, a Latinised ship functions of the Lord law. And whether their actions form of the Crown's way of say- Chamberlain, what the philoso- are considered as heing obscene is a device that cannot be called dom of expression over the General.

ing that it does not wish the pher Nietzsche would have and prosccutable is ultimately a case to be further pursued. It described as a triumph for free- matter for the Attorney

THE WEEK IN THE COURTS BY JUSTINIAN

extrication forensie farce could have been he wrote. achieved rather more simply what he should have done. defence was that the law made a distinction between the real thing and a simulated sexual act,

distinction made by the illiams Committee on Obscenity and Film Censorship prohibition upon live perlaw has not yet made this a distinction.

If twn men engage in a simustanders they commit an act of gross indecency, just as much as morality. sexual gratification. The real defenders of theatrical freedom distinction between what Mr have wailed at the fact that the director, procured from his omitted three vital words to the actors in the homosexual rape limitation of prosecutable scene and the public lavatory offence — namely "or statute activity is the fact that the law." These campaigners for former was a dramatic perform- swift parliamentary action to ance of a scripted play in the

course, the Sexual Offences Acl is applicable to theatres. If twn members of

theatre.

into question by any enurt. No anachronistic form of censordoubt parliamentarians may ask ship; "The masters have been for an explanation. ship; "The masters have been abolished; the morality of the common man has triumphed,"

had the judge ruled that there was no legal way round the country in 1988 in the pro-Theatres Act 1968. That is visions for criminal proceedings because there are a second all phrase excluding all other criminal statutes (like the Sexual Offences Act 1956) instituted by or with the con-The prime argument for the seot of the Attorney General for performances of plays that are obscene. The Theatres Act 1968 sought to do for the thealre what the Obscene Publications Act 1959 did for authors and publishers of books to justify restrictions, but not and magazines. The Act went on to say that no one should formances on the stage. But the be prosecuted for anything said or done in the course of the performance of a play for "an offence at common law" where lated homosexual act in a public the essence of the offence was 'obscene, indecent, offensive, disgusting, or injurious to

> Since the trial ended, the defenders of theatrical freedom draftsmao of the 1968 Act had remedy this supposed laruna in the 1968 Act impliedly acknowledge the prosecution's argument (which found favour with

indecency. If the actors Act. By so arguing they mis-

The Theatres Act was lalor described, not inappro-be prosecuted. This would no for those engaged in the pro-printely, as a bugger's middle. longer be acting in the course duction and performance of live entertainment on the stage The Theatres Act 1968 set of our theatres. So long as their

> The only statutory offence that could relate to the theatre was an ancient provision in the Vagrancy Act 1824. This involves any act consisting of wilful exposure to public view of an indecent exhibition. The framers of the Theatres Act 1968 specifically singled that offence out as being non-pro-secutable if done in the course of a dramatic performance. It was quile unnecessary for the draftsman to write in a catchbe committed within the context of a dramatic perfurmance. Parliament had declared that only obseene acts were prohibited by the law. By trast, it was vital to exclude common law offences relating to obscenity and indecency (as was done in relation to literature when the Obscene Publica tions Act 1959 was passed t hecause, without express words, the common law would survive the statutory law. The theatre needs no greater

threat than the law provides in the Theatres Art 1968. The ruling given by Mr Justice Staughton, in so far as anyone may hereafter wish to cite it as an authority, ought to he consigned to that large judicial dusibin known as the uncourts, because the jurisprudence that it purports to announce is unhelpful, if nnl palpably wrong. Parliamen tarians should not need to waste their time altering the Thealres Act 1968. Art for art's Mr Justice Staughton) that the sake is amply protected,

RACING

. BY DOMINIC WIGAN

THERE WAS a major Lincoln gamble on the Gavin Pritchard-Gordon-trained Winart Saturday morning. Those who rightly favour a first-time-out winner for this cavalry charge and one who revels in the mud will do well to keep the colt in their calculations.

queror of 12 rivals, headed by the odds-on Hillsdown Lad, in a malden run on soft ground over the one-mile Lincoln trip Nottingham oply nine days after last year's big handicap, He will be ridden by George Duffield on Saturday.

His supporters could not have hoped for a more advantageous

riding arrangement. Duffield enjoyed by far his best season in 1981 with almost 100 winners. He is, with Carson

pounds overweight he will have on Salurday. The late-developto put up in Saturady's renewal of the William Hill race. Duffield, like Piggott, will be

out to achieve his first-ever success in the initial leg of the Spring Double. Only Hide, Starkey, Cochrane and Fox of those down to ride in this year's Lincoln have previously been successful.

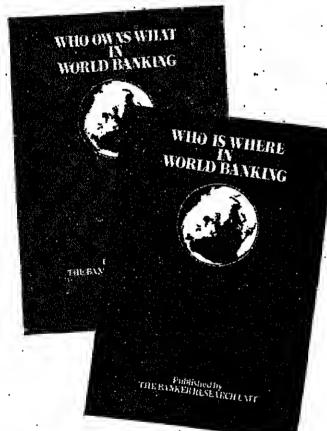
Piggott, for whom the race has been a disaster with a good and Thomas, one of the three number of losing favourites and Winart was the facile con- strongest lightweights riding second favourites in the past

and well worth the three or four 30 years, teams up with Bunter ing four-year-old trained for iggott's close friend. Charles Prince de Gailes, who came close to landing a major Lincoln gamble some 12 years ago.

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3.00-Lanka* 3.30—Wellfort 4.00—Village Mark*** 4.30—Elsell 5.00-Karmall

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While Stone Platt has collapsed in one area of textile machinery, Mark Webster finds optimism in another at two buy-outs from Sears

Painful trimming lays the ground for recovery

more than two years ago that he might have to ouy up the troubled knitting machine business of which he was managing director if he was to save it

the parent company. Sears Holdings, offered the says the company took £250,000 Loughborough-based. William in orders curing its first week Cotton group to its manage-ment in one of two management buy-oots.

hance because be believed that after three years of losses. Cotton was about to turn the corner and show a profit this

He had feared that Sears would sbut both Cotton and its Bentley company. Engineering in Leicester (the other buy-out) to try to stem the baemorrhage of funds

from its engineering division. The textile machine making companies represented a sub-stantial part of Sears engineering interests and contributed the bulk of the division's pre-tax losses which amounted to are expected to have been £3m to £4m in 1981.

The losses were the main reason for the sale of the two companies but Sears argued it felt no crisis of confidence in their future.

Sears overriding interests re in retailing, footwear, beiting and property and it felt that the textile machinery business did not fit its profile

as a High Street trader.
The group said it had invested a considerable amount in the textile machinery business but had not show its first, modest profit this process and, it hopes, be more

£15in loss for Sears on the book value of the assets.

But at William Cotton the management ts anxious to from closure.

He got his chance recently future of the company.

Atkinson a bouncy 48-year-old, dispel any doubts about the under the new management.

Even though Atkinson and two fellow directors mortgaged themselves up to the hilt to secure their 55 per cent equity stake in the company they are brimming with enthusiasm. "It was no: a decision taken

We have a good firencial base and the long term forecasts were examined by all the partners," says Atkinson. of Stone Platt tast week does

not alter his optimism for the future since it is in a totally different field within textile machinery, so "nothing bas really changed."

When Sears came round to the idea of a management buy-out a year ago. Atkinson and his partners had already prepared much of the ground.
The Industrial and Commer-

has been very active in manage-ment buy-outs, advised the team and concluded that a buy-out of Cotton's share equity would he the best course to

The company bas been valued at more than £2.6m and management has made bullish sales forecasts that turnover will reach £10,9m this year compared with £7m in 1981. William Cotton expects to



Cyril Atkinson: £250,000 of orders in his first week

year after three years of losses responsive to its market. by increasing sales and sharply reducing overheads. Sears has kept the 28-acre greenfield site which joins the factory to the nearhy industrial estate and has held on 10 the factory huilding itself. Cotton will lease just over half of the 300,000 sq ft works while the remainder will be rented by Sears 10 Other concerns. The key question is wby the

new management reckons it can make the business pay when Sears clearly wished to pull out. Atkinson believes that the painful period of trimming which went on during the recession has left the company much healthier. It is also armed with a range of new products, a position which makes it something of an exception in view of a NEDO report on the industry (see column 5). At the same time, free of group restrictions, the company can decision-making speed the

computers

The base for future growth Finniston when he became chairman of Sears Engineering in 1977. During the boom years of the 1960s little money was ploughed back into developing new lines. As a result, European competitors increasingly took the lead in innovation. When

market in

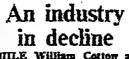
fashioned knitting machines tacknowledged then as brand

leaders) collapsed, there were no other lines to fall back on. Sir Monty began a programme of selective purchasing of European companies and concepts which Cotton could develop. Atkinson was brought in from British Northrop, another textile machinery manufacturer. to lead a rejuvenated management team. During the four-year period of the change, the group was investing more than £500,000 a year on new pro-

With the mixture of excite-ment and nervousness of a man about to propose, Atkinson explained that although the fullyfashioned machines—which knit shaped pieces—will remain the company's " bread and butter," the new range should provide the jam. The company will produce flat bed knitting machines with microprocessor control which knits unshaped lengths of material but allows easier pattern changes; new miniaturised fully - fashioned machines with microprocessor control and a revolutionary weaving machine with a moving drum instead of the traditional

The company has-grown to depend more and more on exports for its survival and 85 per cent of sales are now abroad.

"Now we have to maintain and: build up our order book. We are not at all concerned with our ability to produce the goods. And we must also build the image of William Cotton. We've already got a good reputation in fully-fashioned but to build it areas could be the hardest task. No one wants to be the guinca pig," Atkinson



WIIILE William Cotton and Bentley Engineering have, with difficulty, weathered the storms of the past decade in the knitting machine manu-facturing industry, many others have not survived. A rough reckoning by one industry expert shows that of the 26 manufacturers in the world making one specific type of knitting machine in 1976, only six are alive loday.

A report by the National

Economic Development Council's working party on the textile machine industry showed that output in real terms had declined more than in any other engineering sector since 1975.

Employment in the industry fell from 47,000 ln 1970 to = provisional estimate of less than 20,000 in 1988. Britain also lost out to its foreign competitors in the vital expor market with its share of total OECD exports shrinking from 12.9 per cent in 1976 to 8.4 per cent ln 1979;

The basic reasons for the decime are those common to many other sectors of British Industry. Despite boom conditions in the 1950s and 1960s. little was reinvested in research and development so that British companies began to fall behind to the world market. Foreign competitors offered cheaper machines and detivered them on time.

When the boom came to an abrupt end in the mid-1970s. the industry faced a painful period of readjustment. It was bit at one time hy global recession, changing fashions and increasing foreign com-petition, which forced many ctories to close.

The two companies in the bny-ont argue that their recent moves to trim overheads rationalise factory use and product range, cut staff num-bers and introduce new machtheir future. All they need now, they say, is to fill their order books.

But it is on that score that one independent observer of the industry has his biggest doubts, not just about William Cotton and Bentley/ Wildt - Metlon - Bromtey, but about the bandful of textile knitting machine manufactur-ers left in Britain.

I helieve they have the right product range. The question is whether they will get ont and sell it. At the moment, I have the impression that the Germans, the Swiss and the French are getting out and about in the market much more," he says,



Putting the best foot forward

Engincering's energetic manager, Tommy Littleton, likes to put things bluntly. "We'd put everything into double jersey and it fell off a cliff," he says unsmilingly. Since the heady days of the great knitwear boom in the 1960s, the Leicester-based Bentley Engineering and the company with which it has now merged. Wildt-Mellor-Bromley, have been through

traumatic times. The staff of the two companies has dropped from 5.500 to 1.150 as the recession bas bitten deeper and the bandsome profits of the boom years have erum bled lnto persistent

Eighteen months ago, Sears agreed to a plan put forward by Derck Gwynne, the 57-year-old managing director, to merge the two, rationalise tbeir production and make a dramatic reduction in factory

He little thought then that the plan would form the basis of a single company which he and three colleagues would buy from Sears. Unlike William Cotton, the management had not considered the idea of a management buy-out until Sears—largely inspired by what was happening at Colton— approached them in October

last year. Gwynne and his colleagues are convinced that the work they were doing for Sears in rationalising the two companies will see its first fruits this year. Not large enough profits, but then on, thanks to the £3m which has been invested in the

last four years on new machine because the reorganisation we tools, the company should become increasingly profitable, he

of the Stone Platt collapse. is "a terrible thing to happen" it will have no impact un "There is no direct relationship between us." he says, illustrating the difference with the analogy that "if they were making motor cars we would be making plant for processing petrol." Bentley and Wildt-Mellor-

Bromley were considered natural bed-fellows management team. Bentley makes small diameter circular knitting machines for socks and hostery while its sister company has a range of larger diameter circular machines which produce a continuous knitted turnel of material for cutting up. into jumpers, skirts and sweat-

Under the merger agreement, one machine shop and one assembly shop in two separate factories have been established compared with the four shops the two companies have used in the past. The amalgamation of departments is also taking place covering research and development, accounts and sales which should reduce the company's labour costs.
The new management team is

convinced that Sears decided to offload its textile machinery interests because they did not fit in with the overall group in-terests and not because they had no future.

proposed in do on behalf of Sears is now complete. With the new products we have been designing over the past two or three years coming out shortly we will be turning the corner.

But beneath the hluff confidence about the future, there is an understandable nervous ness among the management team whn stretched their personal resources to the limit to buy their share in the business. The Industrial and Commercial Finance Corporation which also assisted William Cotton helped the team with their purchase of the assets. Scars wanted an assets rather than shares buy-out in the case of Bentley because of the additional tax relief it will get. Scars still owns the factories and will be leasing them to Bentley.

The new management refuses to say how much it paid for the company. But as Gwynne do a management buy-out on a company with a £17m turnover." Littleton says the company had a six-month order book and he confident that the hudgeted £17m turnover figure for 1982 will be reached.

The management's confidence rests partly on the fact that sock and hose machines sales have stabilised but also because it will be bringing new developments onto the market soon. There are developments afoot in sock machines," says a secread no future. tive Littleton. The company is "I think it has lurned out lo also working on all-purpose be a very opportune time for us machines which will not become to have acquired the company obsolete when fashions change.

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December, 1981.

Amsterdam-Rotterdam Bank N.V.

by MICHAEL COVENEY

Regular readers of this page fascinating exploration of body author. The remarkable design will recall with pleasure movement.

Andrew Porter's sumptions The ense accounts of his visits in the Bausch until it works like one 1970s to the biennial Adelaide finely tuned corporate machine Festival. Late summer here baa of gesture and expressiveness been a little cloudier than Hysteria breaks through, with usual, but the akies are clearing and the sun beats down on the superb Festival Centre, a conventional alignments. Falling white scalloped construction. situated in pleasant green parkland on the banks of the river

The 1982 festival, one of the most efficiently administered I hand-jiving, bottom-scratching, have experienced anywhere in the world, is proceeding triumphantly under the artistic directorship of Jim Sharman. (Sharman directed the Loodon premières of Jesus Christ Superstar The Rocky Horror Show, and Sam Shepard's The Unseen Hond.) It ended on March 20, but my first week here yielded three theatrical experiences I could have only reasonably expected to catch in the course of three years.

First: as is so often the case, I have crossed the world to discover a company that bas been oo our European doorstep for some years. The Wuppertaler Tanztheater, directed by Pina Bausch, is the most exciping ensemble 1 bave seen since happening upon the Rustavcti Theatre of Georgia in Mexico. The company's theatrical dance style may owe something to such diverse influencea as Robert Wilson, Peter Stein. Cunningham. and Richard Forenian, But whatever the aesthetic derivation, the end result is like nothing we would glibly recognise as either theatre or dance. It is utterly

There are three Pina Bausch works on view: 1980 opens later on: I have seen Kontakthof (1978) and Bluebeard (1977). The former is presented in downtown. Adelaide in the Thebarton Town Hall, an iospired choice of setting for a heart-stopping, insouciant display of sexual confrontation. dozen dancers in a seedy ball advance on the audience to the blare of the "Harry Lime" theme. Old German music hall songs, principally based on waltz and tango rhythms, comprise the rest of the sound-track. The misery of childhood. the tentativeness of adolescent sexual urges, the dull thud of institutionalised relationships, the brutality of teoderness: all is conveyed in an endlessly

finely tuned corporate machine two pink-clad human dolis fighting the endless round dance of shoulders, concave tummitea. thrusting hottoms, and rolling bins make us look at the body in a completely new way. And then again, the choreography of and even nose picking gives

a wonderful vulgarity and humour to the provocatively extended sequences that explode in a rosh of movement, a telling repetition of the many violent diagonal and rectangular compositions.
Images of childhood recur.

Suddenly there are just two dancers, boy and girl, facing each other across the dance floor. "Pil show you mine if you show me yours" they signal, removing their garments slowly as if playing strip poker without the cards. The company reasembles. A kiss becomes a bite on the chin, a supplicating nuzzle a chew of the shoulder. a gentle caress a grip like a vice. Kontakthof is an unfor-frightening and unbroken. The contemporary stage. Pina Bausch's brutalism

comes atraight and undiluted in Bluebeard. Our hero is bent like Krapp over his tape-recorder, playing snatches of Bartok's opera in a leaf-atrewn, white painted inferno where Kafka meets de Sade. He and Judith play out a series of abocking encounters reflected and enlarged upon by a dejected, joylessly submissive corps de ballet. It is a conventionally structured piece. Again, there are slow sections that challenge endurance. I shall not easily forget, though, Bluebeard crashing round the room where girls lie on the floor, one leg supported on a chair. He grabs each chair from each leg. The limh falls lifeless to the ground, while the is the one glaring weakness in bition of fraught emotionalism movement of Bluebeard is the text, are all outstanding, and erotic grandeur as her past. frightening an unbroken. The The play moves on to Sydney

The two blg play commissions are works by Patrick White (to be discussed in a

ovement. is by Hayden Griffin and The ensemble is drilled by Eamon D'Arcy, the lighting by Rory Dempster, the music by Nick Bicat. The play will be directed for the National Theatre in the Lyttelton by Richard Eyre early next year. It is a marvellous, complex, polished, witty and moving play about how pampered liberalism copes with the problems of the Third World.

The setting is a UNESCO conference in India, where an Oxford - educated Indian novelist, under pressure from his publishers, has joined a left-wing British journalist and other delegates to put the world to rights. An actress Peggy Whitton, becomes a pawn in their intellectual game and she promises to sleep with whoever wins the private debate about art and poverty and how such things should be discussed. The whole show is, in fact, the subject of a film based on one of the novelist'a books, and there is a series of hreathtaking switches of stage reality that put the cumbersome workings of The French Lieutentant's Woman completely in the shade.

The writing gleams with a wonderful epigrammatic gloss: the journalist's concern with the poor" is merely a prop to express his own inner discon-tent; socialism is a luxury of the wealthy; Peggy is potting her body where her mouth is; making love to an American woman is like climbing aboard tion to the crossword clue "the plague of the earth" could be either zionism or slavery.

Hare is tackling an awful lot in this play. The life of the

writer, the life of the actress, the impotence of art, but the tingle value of refusing to retire from age. the ring. His cast, which includes Roshan Seth as the novelist, Penny Downie as which Söderström moves from Peggy. Robert Groth as the avid pursuit of the formula journalist and Sheila Scott-through a labyrinthine legal Wilkinson as a CBS reporter underworld in Prague to a whose loss of character tension effect is peculiar and and has received a most enthu-disturbing. slastic reception in Adelaide's slastic reception in Adelaide's well-appointed Opera Theatre.

cent Festival Theatre, engine you for an evening of Menotti supporting contributions on second despatch) and David room of a complex whose win-monotony. Then those strings stage from James Christiansen Hare's A Map of the World, dows, views, lighting, interior begin to sound, the Straussian as Prus. William Bamford as in which the Sydney Theatre decoration and catering facili- wash of orchestration pushes up Jank and Gregory Dempsey as Company is directed by the ties—not to mention offices, through the story and (not hav- Albert Gregor.



A scene from 'Bluebeard' by the Wuppertaler Tanztheater

Opera and, along with Jana- Söderström, too? a moving train. And the solucek's Katya and Jumfa, tion to the crossword clue "the throughout the world). It is a great part, this 300-year-old woman (no relation to Mel Brooks's 200-year-old man) fighting to retain an clixir of immortality that she has unwittingly consumed at an early

truly great performance in which Söderström moves from her lovers and her family all converge with bewildered con:plicity on the tragic climax. Spikey speak singing in offices Bluebeard is in the magnifi- and down telephones prepares

bookstores and placas—make ing heard the opera hefore) 1 you weep to think of the South sat goggle-eared and hypnoused you weep to think of the South sat goggle-eared and hyphotsed Bank and the Barbican. The as the targeness of action is high cultural event here is the stunningly complemented by Australian première of Jans-intense, almost unbearably cek's The Mokropulos Affair, moving quotations from the Making her Australian début as composer's second string quarties. Emilia Marty is Elisabeth tet has always been one of my Süderström (she has played the Desert Island Discs. Will Rey role, with Welsh National let me take the opera, and La Chern and along with land Süderström too?

The Makropules Affoir was

given for five performances in Elijah Moshinsky's production. Denis Vaughan conducted the State Opera of South Australia, with sets by Brian Thomson, costumes by Luciana Arrighi and lighting by Rory Demoster, The predominant colour scheme was black and white, a buge hlack sphinx dominating the second act backstage of Aida (Emilia in her lotest manifestation is an opera singer) and the tremendously modulated exhi- final act hotel room a lusciously stark arrangement of hlack leatherette seating. This was a high-flown, high-tech production that fully justified its billing on the festival. The orchestral playing seemed to me of a very high order and there were fine monotony. Then those strings stage from James Christiansen

Architecture

Ring up the curtain

by COLIN AMERY

new Barbican Arts Centre is appropriate Life for Old Theatres. On a the old; modest scale but in a pointed Fragments of plaster lie in way it examines the great their glass coffin as poignant heritage of 19th and early 20th century theatre huildings In his introduction to the throughout the country.

This is not just another conmaterial is presented in a way that speaks clearly for itself. The statistics are horrifying. In the last 30 years \$3 per cent of all the Grands, Alhambras, the great m Empires and Theatres Royal erected between 1900 and 1914 have been destroyed or irretrievably altered. Only 10 per cent of all this remarkable architectural activity is still in use for the purpose for which it was designed — glamorous nights at the theatre are confined now to few large cities. A great deal of serious work and into the accompanying book which is a complete gazetteer of all the surviving pre-1914 theatres and music halls of Great Britain. It should be compulsory reading for all Planning Officers, members of the Arts Council'a "Housing the Arts" Committee, Sir Roy Shaw and Sir William Rees-

Mogg.
First of all it shows how tremendously wasteful and extravagant many local authori-ties have been ignoring the building stock of theatres that exists and building new ones that are often no improvement

Secondly it shows how the theatre as a building type has been neglected by the architectural historians. Even Sir Nikolaus Pevsner's Buildings of England pays little attention to the one structure which in many towns had an importance to the community at the turn of the century, rivalling that of the church.
In the London Museum the

exhibition designer Barry Mazur bas made a series of

than serviceable Modom Butter-

fly back into the repertory last

sympathy for the music could

not be doubted. That the

orchestral playing was not

always immaculate suggested

that the ENO orchestra is going

through a bad patch at present.

clotted when they should have

Textures were sometimes

been translucent, and rough-and-ready solo playing threw

away some of the opera's more

aubtle tricks. But there was

always life under the rugged

surfaces, and none of the high-

The success of the evening

is greatly assisted by Colin Graham's no-nonsense produc-

tion, revived this time by David

Gollins. Butterfly'a retinue could have been more carefully

organised in the first act, so that

thoughts of The Mikado or even

Aladdin are firmly suppressed, but the entrances are managed

smoothly, and melodrama is

lights suffered.

Coliseum

the Museum of London where romance. At the approach to an exhibition is on until April the show is a draped catafalque 18 called Curtoins!!! or A New commaining touching relics of theatres. lost

> gazeteer, Iain Mackintosh writes It is virtually impossible to underestimate the English intellectual's capacity to ignore and misunderstand the effect of environment upon creativity or

The distinguished author of the great maater work about theatres, Modern Opera Houses and Theatres, Edwin Sachs wrote in 1896 that the British were, "a people practically devoid of any feeling of architecture." This is what Curtains!!! is really about.

There is a philistinism in the field of the perferming arts. field of the performing arts htat is sometimea incomprehensible. It manifesta itself in bad theatre sets, often shameful opera and ballet acts brought out of mothhalls, and above all in the lack of that indefinable quality "atmosphere" in many

of the new arts centres and

theatres.

Madam Butterfly

by ANDREW CLEMENTS

The second part of the now; brittle rather than simply

English National Opera's high-spirited in the opening

Puccini season brought a more act, she attained her hest vocal

l'hursday. After the recent focus for the second half of orchestral and vocal disasters in their duet. Mr Collins's stage

ductor, Howard Williams, whose demands, but the duct ulti-

mately

requisite sentiment.

To make their point crystal clear the organisers of the exhibition spotlight 54 theatres that could be resurrected and restored to active use. These are the forgotten theatres, the sleeping beauties" that are now bingo halls, stores or just derelict. From Aberdeen to Wakefield there are theatres that could become again centres of the community. In London the forgotten ones are mostly in the suburbs—and in terms of cultural facilities it is the London suburbs that are the deprived areas.

The Hackney Empire and the Grand in Clapham are both now devoted to the mindless activity of bingo; in Dalston the theatre is a car auction room. The Lyceum, off the Strand, has for a long time been a Mecca ballroom. best theatres and is owned by

form on the first night rather sooner than Kenneth Collins's

Pinkerton, who only found true

manner at the beginning of the

opera too, is surely more boorish

than the letter of the scenario

Howlett's

clioching vocal distinction— more of diction than tonal

else about his performance is

ls believably gentle Kate from Lynn Barber, her few moments

gratefully seized, and a firm.

fractionally over histrionic Suzuki from Anne-Marie Owens.

More of the English text Is

audible in this production than

it was in Boheme, but the per-

centage is still not terribly bigh, certainly not sufficient for a

newcomer to follow the plot

inevitable in even the most

generated all

Not a hundred yards from the proscenium frames that add the the GLC. With a splendid ew Barbican Arts Centre is appropriate element of portico by Samuel Beszley dating from 1834 that leads to a really grand staircase the Lyceum's greatest virtue is the interior by Bertie Crewe designed in 1904. Crewe was partly trained in France and his forte was the most vulgar and richly indigestible Baroque. He concentrated on theatres and later cinemas and the Lyceum is one of his best. It should be restored and

uaed again. It was managed hy Henry living and is famous for

a long association with bc great Elleo Terry. It could

scat 2,000 by modern standards and all the best features of the interior are just waiting to be cleaned and refurbished. In Doneaster there is no theatre for touring plays, while the Grand Theatre of 1899 is wasted as a bingo hall. In Barnsley the spiendid Theatre Royal is also used for binge while a hall that is designated as a civic theatre has "as much atmosphere as a supermarket." Bingo, too, holds sway in the magnificent theatre by that master theatre architect Frank Matcham in Longton. town is the centre of the 300,000 people of the "Potteries" where there is nowhere for touring companies to visit. In Tunbridge Wells there is a secret opera house that has been completely forgotten by everyone except bingo fanatics. Here of all places, a small theatre could flourish, and the intimate auditorium seats 750 people in balconies and gryphon decorated boxes. In Liverpool the glorious Olympia sits out in Everton in just the wrong place to be used for anything other than bingo. Also by Matcham, it is in the fruitiest oriental style with onion domes and a stage area that could have been flooded and used for aquatic perform-

Christopher Brereton comes up with an intriguing proposal for the reordering of London's theatres so that they are used to the greatest advantage. He suggests the Royal Ballet mova into the Coliseum (which has never been right for opera), the English National Opera move to the Theatre Royal Drury Lane (which really should be an opera house) and the Lyceum be returned to use as a perfect theatre for musicals.

Covent Garden gains too by the separation of the Royal Ballet and the Royal Opera. This is a brilliant and logical idea that would he entirely possible to achieve within a relatively sbort time. London would gain immeasurably and imagine the pleasure of opera in Drury Lane theatre where the proscecuim is narrower than the Coliseum's and the wbole feeling more intimate.

The exhibition goes on a twoyear tour of the country startwith three months in Scot the land. It is at the Museum of London until April 18. The Museum of London is intelligent Sharpless lacks a closed on Mondays.

Curtains !!! is an exhibition that is full of ideas, but the quality - though everything book is an even better huy. It is published by John Offord successfully calculated. There Publications at £5.95. Is there new life for some of these old

theatres or will it he curtains? Ralph Richardson, Celia Johnson to star at the Strand

Ralph Richardson and Celia Johnson will star in Angela Huth's first stage play The unaided. Such experiences Understanding which will open tempt one to the dangerous at the Strand Theatre on Tuesthought that perbaps opera in the vernacular is not invariably the aid to comprehension it is made out to be, particularly Theatre on Tuesday March 30

Theatre Royal, Brightoo, on Monday April 12 for a week.

St. John's. Smith Square

SPNM orchestral rehearsals

The imaginative series of stylistic models—Bartok, Szyconcerts at St John's, put on by the Society for the Promotion of New Music and "offering to Rimsky's loopingly sinuous of the stage from Ann Murray, despite Bohème, it was a relief to encounter at ast without any concerts at St John's, put on manowski, and wbat, in the by the Society for the Promotion of New Music and "offering to Rimsky's loopingly sinuous to Rimsky loopingly sin tion of New Music and "offering a platform for ... talented but Queen of Shemakhan. But not yet established composers, success is severely compromised continued last Friday. The by crude scoring, by unper-orchestra was that of the suasive developmen (sounding National Centre for Orchestral more like simple repetition) of Studies, the expert conductor material, and above all by a John Carewe; the presentation -which schedules two perfortion that is not necessarily in-mances or each work—was consistent with practicality admirable, the audience decent- the concerto is totally predictsized and sympathetically able. The talented soloist was inclined, and only the works Rosemary Furniss.

themselves left much to be Lack of intellectual ambition desired. Interestingly, and no doubt entirely coincidentally. they did so in exactly opposite son's Icarus-the opposite, un-

John Mortimer (b.1951). a its structural procedures at Scot resident in Switzerland, least minimally intelligible to undertook, in a Violin Concerto, the reasonably sympathetic ear, a clear and unambiguous piece Gebrauchsmusik - three movements intended to be Messiaen, and Berio as in-readily comprehensible to "the fluences, and related in bis note average concert-going pub-lic." There was something music akin to the verse-andpleasingly unpretentious about chorus forms of Greek poetry. and immediately reveals, its

The by crude scoring, by unperwant of that intellectual amhi-

Lack of intellectual ambition was not a fault of Paul Robintempered by care for making seemed to be the problem. Mr Robinson (b.1949) named Ives.

COVENT GARDEN. 280 1088 S. (Garden-charge: CC 838 8903). THE ROYAL EALLET TON'S 47.30 Enjoyae Variationa. L'Invitation su Voyage. The Walk to the Faradise Garden, Rhapsody. Thurs at 7.30 & Sat at 2.00 The Sleeping Beauty. THE ROYAL OPERA. Wed & Sat at 8.00 Salome. Fri at 7.30 Billy Budd.

MAX LOPPERT

Camden Festival

Adriano in Siria

by MAX LOPPERT

bration at this year's festival Barsene, a light, bigh-soprano ing, the sad truth is that Miss was therefore strongly indi- foretaste of Despina-all leave Lehane's volce is no longer cated. The form it took was a sharp reminder of the general equal to such a taxing part; a handsome: a concert performance of Bach's sixth opera Adriano in Siria, revived on connected and inseparable. Sad likewise that Eiddweon Saturday for the first time Adriano in Siria is an opera Harrhy, as Hadrian's betrothed. since the 1765 premiere, conducted by Charles Mackerras. presented in association with Radio 3, and broadcast live from and for a charm of texture sound contributions from the Logan Hall. Owing to the (Bach's use of a pair of flutes, Marllyn Hill Smith (Barsene) last-minnte illness of Ann Murray in a leading role, the occasion was less than one boped it would he; a cloud lay all evening over the performance, refusing to be dispelled. Yet even so there was sufficient of a score given admirahly complete (every number repre-sented, and all but a couple given in full) to give new meaning to Bruney's description of and confident form, the primo Concert Orchestra with muco of Bach's melodic gift—"natural, musico part is that of the his wonted fire and convinced elegant; and in the best Italian taste.

Pre-echoes of Hia in the meltingly lyrical music of the for taking over at a very late ideally chosen.

want of dramatic, musical, and hole was felt at the very centre emotional richness inter- of the performance. colourful)- that grows increas-

entirely in major keys, best the neglected Sabina, sounded enjoyed for its succession of distinctly out of voice. Apart sbapely, well contrasted airs, from Miss Cable, and alongside or oboes, or bassoons, is always and Alan Woodrow, the principrecisely and delightfully pal pleasures of the evening were provided by the heroine of ingly seductive in the second that stylish opero seria soprano act.

Marie Slorach, and, as her Such enjoyment was on tenor father, the fiery Parthian Saturday only intermittently king Osroa, by Ryland Davies come by for, though the alto — after a nervous start it was title role helongs to the good to hear him singing out Emperor Hadrian, and here so clearly and forcefully. found Margaret Cable in clear Mackerras conducted the BBC Parthian prince. Farnaspes; attack; but orchestral detail despite one's gratitude to and was sometimes scamped and admiration for Maureen Lehane tempos did not always seem

kept to a bare minimum. Elizaboth Vaughan's Cio-Cio-San is a confident, rounded assumption sensitive translation.

at start of Wimbledon (6) 4 One coming out elated and elegant (8) 10 Main bost-carrier? (9) 11 If the parts are loose, he

12 Article in elite morning paper (4) 13 Place too much emphasis on bowling-spell by Lock? (10) 15 Charm of the roue, man extraordinary (7) 16 Modest bar-intake of Tchai-

kovsky's Eugene? (6)

grammar-schools (6) 21 As cruel as this over a long period of time (7) 23 One of the old soldiers who are camping out (10) 25 Approaching doctor, it is grave! (4)
27 The habitual call to the bar?

(5) helps the optician 28 It (tempter to pair of spec-tacles, in a way) (8) 29 e.g., Chelsea supporter? (8) 30 Fruit from Ohio Mountains (6)

1 Shopkeeper sought by those nursery mice? (8) 2 Concert on the front? (9) 3 Current units of a chemist 18 Knight in chequered career;

5 Strong grass around seaport (7) .6 Reach forth in time spent in open prison (10)

when some banalities are for two weeks and then at the

8 Renounce that which is 22 One way to raid orebard worthless (6) 24 Bank to protect a king's orb 9 Young fellow having no need

of one? (6) 14 Landscape of force? (10) 17 Like sickness benefit im-

properly acquired? (3-6) bitter fruit comes of it (4-4)

freely (7) in it? (6)

namely, by the rear (6)

26 Chieftain in semi-retirement

20 Continental lady soaring The solution to last Saturday's prize puzzle will be published . 21 Does one give a tinker's cuss with names of winners next Saturday.

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Monday March 22 1982

Rescues and receivers

for their high profits, they now find themselves charged with shortsighted behaviour by calling in a receiver at Stone-Platt Industries, the textile machinery and engineering

Although the hanks have sometimes been criticised in this column, we do not believe that they are at fault on this occasion or that the receiver-ship is symptomatic of a deeper flaw in the relationship between the City and industry.

Stone-Platt's financial difficulties became apparent two years ago: at that time the hanks agreed to reschedule their loans. As in several other "rescue" cases, banks and institutions worked together with the encouragement of the Bank of England to sea whether the husiness could he put on a sound footing. The result, in March of last year, was a financial reconstruction together with a change in management. Prospects of full recovery were far from certain, but banks and shareholders felt the risk was worth taking.

As it turned out, the company was hit by a drastic fall in demand in the main textile machinery division, Platt Saco Lowell. As the financial position deteriorated towards the end of last year, management decided to sell PSL; elosure of the division would have involved write-offs and redun-dancy costs which would have sunk the whole company. Eventually an American buyer agreed to pay a modest price; the sale formed part of an attempted reconstruction which finally proved unworkable last

The dispute between banks and institutions concerned the financial consequences of the sale and the viability of the remaining business. As the banks saw it, the sale removed much of the security for their Their net exposure to Stone-Platt would increase. They were being asked to shoulder a bigger burden in order to pre-serve a company whose condition, even after the reconstruction, would be fragile.

it was far too soon after the 1981 rescue for the banks to pull out and that the new overtook Stone-Platt two years management should be given ago.

BRITAIN'S CLEARING banks more time. But they themselves must feel that they bave no were not willing to put in new friends left. Regularly attacked equity immediately.

The institutions stood to lose a lot of money if Stone-Platt failed. But the risk to the banks, which had been supporting the

It is not obvious that another the best solution in industrial terms. Receivership may turn out to be a more constructive way of redeploying the assets and placing them in stronger

In public relations terms the banks should have handled the Stone-Platt affair with mora aplomh, but the divergence of view between them and the institutions is not a disaster for the City. It is unfortunate that what had aeemed a good exampla of constructive City intervention, followed by vigorous action on the part of the new management, should not in the end hava succeeded. Both banks and institutions are under poli rical pressure to show their concern for the long-term needs of industry and this may explain the bitterness of the recriminations over Stone-Ptatt. But it is the only failure of its kind so far; other rescue operations seem to be turning out well. There is no reason why the Stone-Platt case should discourage similar co-operative efforts in the future, as long as both sides recognise that their interests will not always

The need to take a long-term view cannot stop the banks from monitoring of management -

Future of the French franc

new experiment might prove

But the sceptics were confounded. The D-mark lost its gloss as the second oil sbock struck and the West German current account deficit mounted. to an unprecedented level. The Giscard Government impressed the markets with its commitment tn a strong franc. And despita diverging inflation rates the system held together.

Pressure

Even after the Mitterrand Government was elected last year the franc dld not suffer greatly. Paris got away with a relatively minor devaluation last October (3 per cent against the ECU, 8.5 per cent against the D-mark) and early this year both Bonn and Paris could atill share joint fears for the impact on their respective currencies of the high level of U.S.

Yet Eurocurrency interest rates told of mounting pressure A devaluation would not be inbeneath the calm. A year ago the three-month deposit rates at "reconquering" the home of the two currencies were market and which hope to relevel-pegging at 12 per cent. By establish sound money through the beginning of this year, the economic growth, rather than German rate had dropped to 101 per cent while the Europe Or should Paris adapt its franc rate has climbed to 16 policies to defend the franc? per cent. Today the D-mark pays 91 per cent while the international money manager needs 22 per cent to persuade him to leave bis funds in francs.

Everything is suddenly going right for the German currency. Inflation is now down to below 6 per cent, and the German metal workers bave settled for a wage increase of 42 per cent. Partly due to the slump in the oil price, Germany is now heading for a DM 40-50bn (£9.5-11.9bn) trade surplus in 1982 devaluation would take the EMS and a balanced current account another big step towards becom-

The co-ordinated reduction in start.

company for two years, was also very substantial. From their point of view a receivership leading to an orderly disposal of the business was the logical

reconstruction to keep Stone-Platt affoat would have been bands.

Enough

deciding, in particular cases, that enough is enough. In any case, the main weakness of the banks' lending policies has not been the lack of long-term perspective, but the failure to be sufficiently critical; in their eagerness to lend they have not looked hard enough at how the customer's business is run and whether the management's plans are realistic. It is on this subject — the appraisal and where banks and institutions have a common interest and to some extent a shared respon-The institutions argued that sibility. The aim must be to take corrective action before, not after, the kind of crisis that

THE TRIALS of the French interest rates last week by the franc are a reminder of the doubts which bung over the Dutch was no act of altruism to interest rates last week by the Germans, the Swiss and the European Monetary System help the French franc, and when it was founded three marked no sudden willingness years ago. The inherent to see the D-mark weaken in strength of the German the interests of EMS solidarity. currency, the inflationary gap It merely showed what the surbetween West Germany and viving members of the D-mark France, and German determina-tion not to allow the EMS to undermine the Bundesbank's rates. Despite the fall in Germonetary discipline, all sug-gested in early 1979 that the is still stronger on a tradeweighted hasis than it was at

the beginning of this year. Meanwhile the French franc is struggling. Despite the nil reprieve the trade deficit is expected to deteriorate substantially to FFr 80-100bn (£7.1-£8.9bn). And though inflation is moving encouragingly down-wards, the ...Germans keep

making prograss too.
The inflation differential remains stacked against the franc. OECD figures show that since the EMS stated, French hourly wage rates have gone up 45 per cent, Germany's 16 per cent, French consumer prices 38 per cent and Germany's 15 per cent. Yet to bridge these gaps the franc has been devalued by only 12 per cent against the D-mark during the life of EMS.

Soft money

Inexorably the markets are forciog Paris to choose. Should it "reculer pour mieux sauter?" consistent with policies aimed Already it is moving in this direction by raising interest rates and by promising to limit government deficits to 3 per

cent of GDP. The West Germans can be counted upon to aupport the second option - as long as It remains practicable. Already they have expressed alarm at Belgium's defection from the hard currency ranks with what smacked of the EMS's first competitive devaluation. A French after a substantial deficit last ing the kind of soft-money club which Bonn feared from the

AMERICAN Can Company looked at its manufacturing facility in Liverpool and saw an industrial relations nightmare. A mixture

of obdurate unions and feeble management had bred a mire

of restrictive practices, rigid demarcation and overmanning

that was slowly strangling the "You wouldn't believe what was going on there," says Dong was going on there," says Doing Symon, the company's per-sonnel director. "It was cost-ing us three times more to make cans there than it should have been doing. The top guys in the States were having sleepless nights about it."

That was seven years ago. Since then two things have happened. First, the U.S. company has

built a new manufacturing plant at Runcorn, just 20 miles

from its own Liverpool horror story and drawn a large part of its workforce from among ex-Merseysiders. This plant has been running for 18 months and so far has been totally stoppage-free, a model of tight stoppage-ree, a mousi or tight maining levels, very high pro-ductivity and, almost total labour flexibility—comparable with—or better than—anything in the American Can empire. Second, new managers decided to bite the bullet at Liverpool and attack some of its problems head on. That has been done by some ruthless hatchet work which, the com-pany admits, flouted employ-ment laws. It was also carried through by a painful grinding process of trying to alter attitudes, bargaining and wage structures. That has still some way to go and the future of what remains of the Liverpool operation may depend on how successful it eventually is.

deals with companies.

sharp end of business.

of legislation but say the Employment Secretary has not spoken to enough people at the

While some companies such

as American Can are not keen

on setting up new facilities in Liverpool itself they do not

mind including a large element

labour force. Nor does this prevent them securing high productivity.

The Liverpool facility was only bought by American Can in the late 1960s so some of

the sickness there was develop-

ing before it came on the scene.

The Liverpool plants were riddled with elitism of the three craft unions—the Engineering Workers, the Electrical and

Plumbing Trades Union and the

National Graphical Association print union. Members of these

three bad their own lavatories

-with their own locks and keys

-which members of the general unions were forbidden

by their own shopfloor col-

The craft divisions within the

unions were formidable — as they still are in many factories.

An AUEW line engineer waited

leagues to use.

ex-Merseysiders in

The story of American Can in the area over the last 15 years reflects remarkable shifts in management behaviour and sbopfloor response. It also points to four fundamental points which may well apply to

many other companies.

• A period of managerial appeasement in the face of entrenched union attitudes and an absence of real communications with the shopfloor almost wrecked a manufacturing site. Some of management's right to manage has been clawed back by much more determined managers, But It has been painful and difficult. For some employers, par-

ticularly those setting up new

plants, the advent of the rightwing leadership in the Amal-gamated Union of Engineering Workers—the sole union at where it has negotiated an operating agreement for an AUEW fitter If equip-abolishing the demarcation con-ment bad to be removed. If cept—has been a crucial that equipment possessed wir-development. The environment ing, they both waited for an changed so much over a sbort EPTU operator. tions with other unions but I'm toolroom. But though he was or three of whom were Com-committed to a partnership with trained to operate a grinding munist Party members. the AUEW." There are signs machine, be did so on pain of "But half of the problem was

upwards into the skilled grades. This bad to be done through Some senior American Can managers believe the new emthe unions' four or five-year apprenticeship schemes even though everyone knew that it ployment laws make it more difficult, though not impossible, to obtain the kind of agreement only required 3,000 hours to has got at Runcorn. They turn out a skilled can maker. may like much of the last bout

Absenteeism ran at 20 per cent. "We had no proof but we believe there was an absenteeism rota," says Mr Symon. "You
know, 'George it's your turn
today." The general workers
exercised equal power. The site's convenor was a fork lift truck driver who had organised

the drivers into one union unit over the heads of line managers. across all the plants giving "The power of these line maothem the potential to shut down agers was simply eroded." The company sacked 350 workers out of 670 . . . output

went up almost immediately all of them in a dispute at There was very little general trust or communication between An effect of all this was astonishing overmanning in some areas. In the open-top plant the company eventually sacked in one go more than 350 workers out of 670. It says out-

How a nightmare was ended

By Nick Garnett, Northern Correspondent

AUEW negotiator Mr Jack Whyman (left) and American Can personnel director Mr Doug Symon: "This fits the bill."

put went up almost immedi-American Can management partly blames the Liverpool site's problems on obdurate unions. Mr Symon who was hrought in in 1975 and began a sbake-ont at the plant including demanning the folperiod that Mr Symon can say:

A fitter could then remove a lowing year — says there were faulty piece of equipment to the some tough shop stewards, two

In addition to affording the

legislators much needed protec-

tion against the violent thugs

Pistols could, of course, be

put to less constitutional usc. If

senlor management and the shopfloor about the direction in which the company and the site was moving.
The new management team

water started coming in through

the roof. The obvious thing to do was fix the roof, right? The

labour was such that it said

we're striking'. The manage-

ment simply gave them an extra

2id an hour as 'welly' money and that stayed in the wage

Mr Symon says much of the problem was rooted in the stitude of directors. Shop

stewards would appeal to them

over the heads of line managers.

structure."

(including Mr Symon), brought into the company in the mid-1970's swept some of these restrictive practices aside and severely cutback on manning. Some of its tactics were extremely tough and the shopfloor referred to the personnel section as the "dirty tricks department." With the advent of the Runcorn plant, the Liverpool site has been slimmed down to its original drummaking operation together a small general container line. Whyman.

conditions. Because closed shop. managers say it would now be legally more difficult to see this arrangement because a workforce ballot would have to be carried out.

The agreement includes a hity and is a model of precise ness. Spheres of activity lister in the operating booklet, in line engineers, for example, in clude "set-up and service equip ment, maintenance and repear equipment, operate all equ ment, maximise production and quality of product, fault fair and tune up line, carry our quality checks on components and equipment, and use an lary equipment—for example fork lift trucks—to see

There is almost total down-ward flexibility. In other words, highly skilled electronic tachasclans can be required to chan lavatories. "We wouldn't at them to though" says Mr Rain McCoy, the plant's personne manager. It's inefficient to of manpower. There's no of marcation here except demark

tion of common sense."
There was very tight sere production going. They just many of the cvils bave gone, backed off all the time.

"They had a storm once and some issues—sucb as redefining ing of recruits who all had at least three detailed interviews and who were required to take manual aptitude tosts—some job content-it set too hot a pace. It is a mark of how difficult it is for companies in thing which many traditional workers view as an affront to their craft training. The com-pany as a whole takes a positive claw back management's right to manage that the repercus--some might say robust-line on screening. It uses all the past seven years have still not produced an accepted pay agencies it can to identify Com-munists and "trouble makers" nevertheless, to be a spirit of co-operation among the unions. and is loathe to take on ex-The Runcorn plant is like another world. With the fillip

structure. There does appear,

of a new site and equipment, a

more picasant environment and

compact scale—it employs just

over 100—the company has also had the benefit of two infin-

ences: a new style of partner-

ship agreement with the AUEW and a different approach to

tiated with the union-in the

shape of Mr Jack Whyman, a

members of the executive, and

Mr David Gongh, a district

organiser-before recruitment even began. It is similar to an

agreement hy another can manu-

facturer. National Can. "We

recruitment.

The mix is about 40 per cent ex-Merseysiders, many from Runcorn itself in North Cheshire, which was come as a Merseyaide overspill town. The rest are workers from other parts of Cheshira and South Lancashire who Mr McCoy says tend to be influenced by the old ICI ethic of company layalty.

Pay is high at Russous Craftsmen working should are an

The AUEW's position bas been "we'll give you a compre-bensive agreement with in-built £210 a week without overtical, unskilled on £163. Mr Lewis job mobility if you give us jobs and high pay." Mr Terry Duffy, the union's president was involved in selling the Runcorn project to American Can's U.S. Connor one of the plant's fuer shop stewards says the work-force feels under pressure but some of this is self-generated by the speed of the can-making operation. "The work environment does hit you and it takes you a while to adapt but you do not accuming the securious of the can-making operation." vice-presidents who were immediately uneasy when they glanced at a map and saw how close Runcorn was to Liverpool. The agreement was nego-

get accustomed to it.

Regular briefing sessions involving the shopfloor have generated a good deaf of healthy rivalry between the Runcom workforce and that of other American Can sites and other companies. The bargain struck

are looking for agreements that Runcorn is high pay for high productivity, but there is always a sting in the tail. As give job security, stability of working conditions and meet the demands of the company. far as the shop stewards are relations depend on everyone keeping that barrain. "The the AUEW." There are signs machine, be did so on pain of that other unions including the General and Municipal and the Transport and General are also

Transport and General are also

Transport and General are also

Transport and General are also

The company was forbidden were looking continually at prepared to do new one-union

Take Advisory, Conciliation and Arbitration Service is now assisting in trying to get an integrated wage structure for the company and asked if they anywhere else," says integrated to do new one-union

Take Advisory, Conciliation and Arbitration Service is now assisting in trying to get an integrated wage structure for the company and asked if they anywhere else," says integrated to do new one-union

Take Advisory, Conciliation and Arbitration Service is now assisting in trying to get an integrated wage structure for the company and asked if they anywhere else," says integrated to do new one-union to train semi-skilled men short term problems of keeping that bargain. "The company has got to ensure that the company and asked if they were prepared to accept all its Connor."

Men & Matters

The human touch

Anbrey Wilson is at last making headway in his crusade to per-suade the legal profession to shoffle off its mortal coyness. Wilson, one of Britain's most successful marketing men, has heen gently urging the Law-Society for nearly two years to allow its members to attract more business within the confines of Rule 1, which forbids lawyers to tout.

Until recently, Wilson's mar-keting skills had been politely ignored hy the Law Society. But now he has heen given the go-ahead to lecture to tawyers all over the country.

Wilson, the 59-year-old "retired" head of Industrial Marketing Research, tella me his aim is tn get solicitnes to hrighten their often fusty image in a multitude of small ways, so that clients will come to think of them as "nice people to deal

For example, many solicitors'



"I'm 58 per cent Labour, 37 per cent Conservative, 5 per cent Scottish Nationalist, so naturally I'm going to vote SDP. "

more agreeable.

The impenetrable, arid jargon of many solicitors' letters is another area which needs the human touch. And Wilson halieves solicitors should be able to ring anybody who bas recommended a client, simply to register thanks.

According to Wilson, me in the outside worm manager of searchange in solicitors' attitudes. "Some of them really legislative annals of Kentucky's General Assembly, which reader approved a Bill to

He has certainly converted my informant at the Law Society, who tells me: "Many solicitors have in no way moved into the 20th century in the marketing nf their services. If the profession does not watch it, it will lose it clients to accountants and professional divorce ser-

Hidden powers Doing husiness used to be a

matter of shaking bands-now, it appears, it can also involve the sbake in your voice.

Decision-making executives a the U.S. are now being offered what sounds a devilish device to monitor the micromeetiogs or on the phone.

of Arizona, calls the "Silent Partner," registers changes which reflect anxiety or stress. "It bas to be used and applied

tell you why. should find out why. Deception drama.

there were hand-guns in the tremors in the voices of people chamber. one representative predicted that "on some days here, balf the members would they talk to in the office, at The electrooic black-box, get blown away." which its maker. Frank Laczko

The U.S. Government plans with some judgment," Laczko to build a Hollywood-type set says. "All it does is tell you of the White House and nearby that the person you are talking Blair House — where foreign to is under stress. It does not visitors stay — in the neighbouring state of Maryland for its But the inference is that if secret service recruits to act out the digital readout stutters, you their role in any assassination

Secret games

The \$1.6m (£940,000) project Laczko's machine is small will also include a simulated course, will continue to lose enough to fit into a brief case, shopping centre and a replica either way. and at \$965 (£567) a time, com- of a city street to allow agents pares favourably with larger to rehearse all aspects of versions, which do the same security involved in protecting

offices bave a patronising and joh for between \$5,000 and Ronald Reagan and his White intimidating ambience, which wilson advises should be made

Make sure the next time you. Until pow the training of

Make sure the next time you Until now, the training of secret service recruits has been conscience is clear and you are confined mainly to baing shown films of officials entering and totally at ease. leaving the White House and Blair Honse. They have also had some practica in security measures at a mock shopping Gun law centre. Other training has been Members of Parliament who are cooducted at the White House itself, but this became so comalarmed by increases in parliaplicated that the new centre

was necessary. Aithough security officials said the plans were drawn up cently approved a Bill to let legislators carry concealed before the unsuccessful attempt to assassinate Reagan last March, it seems clear to me that hand-guns in the chamber dur-

who roam the streats of Kentucky's capital, Frankfort, this Live issue

measure should assist the One of the more extraspeaker to control the out-breaks of high spirits which sometimes occur in the house. ordinary sights-and smells-at sea these days. I am told, are the nil tankers which bava been con-Tha last time a gun was fired verted to carry livestock. The in the assembly chamber was in ships have been fitted with 14-1936, when twn legislators got over-excited and began to burl storey steel pens, half above deck, which can hold anything desks at each other, nntil someup to 125,000 sbeep. body fired a pistol into the air.

the project may have at least something to do with Reagan's own B-film background.

adaptation to trade in the Arabian Gulf where the demand for oil may vary but the demand for fresh meat is constant. But the trade, it seems, faces storms more dangerous than the

They have proved a proftable.

Iodian Oceao squalls which regularly cause 1 per cent casualties among the four-legged cargoes. Complaints bave arisen from

Australian trade unions about the loss of jobs in that country's slaughter-houses because of the live shipments. A special delegation, includ-

ing government and union officials, is now trotting round the Middle East trying to find a compromise. The sheep, of

Observer

A FINANCIAL TIMES SURVEY GOLD FUTURES

Tuesday 20th April 1982

The Financial Times proposes to publish a Survey on Gold Futures. The following synopsis outlines the topics to be discussed

1. INTRODUCTION - Role of planned London gold futures market opening on April 19.
Details of contract, how it will work and membership. Links with physical gold trading and other futures markets.

REVIEW of other gold futures markets in the

world— (i) United States (New York and Chicago), (ii) Winnipeg, (iii) Hong Kong, (iv) Singapore, (v) Sydney, (vi) Tokyo.
3. PHYSICAL GOLD TRADING in London, Zurich, New York and other international centres. How the London bullion "fixings"

work. Russian and South African methods of selling. Prospects for hedging in futures.

MONETARY role of gold. Its links with currencies and influence and impact on monetary system.

COINS - Different types of coin available, both old and new. Impact of the futures market on this sector. INVESTMENT - Various ways of investing

in gold, ranging from bullion and coins to futures or shares. Record of different forms of gold investment over the years. OPTIONS - How options work and where they are available.

8. SHARES - Review of gold producing companies in South Africa and elsewhere. Various influences affecting share prices.

9. MINING — How gold is mined in various ways; prospects for future supplies.

10. CONSUMPTION — Uses of gold in jewellery, dentistry, electronics and other outlets. The use likely to be made of the futures market by these sectors.

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A thinking, talking computer...

By Guy de Jonquieres

EVER SINCE the dawn of the alone it trebled between 1966 computer age, electronics engineers have dreamed of design. teristics such as the powers of reasoning and speech. During in inventing wholly new ones. the next decade. Japan hopes to turn that dream into a

The vehicle is a Governmentsponsored project to develop what is known as the Fifth Generation Computer. It is a key element in a strategy to capture the lead in highly sophisticated knowledge pro-cessing systems which many experts believe, will carry into the 21st-century the industrial and economic revolution trig-gered off by the microchip.

The Fifth Generation Computer will be the space shuttle of human knowledge," accord-ing to Professor Tohru Motooka of Tokyo University, the project leader, "It will give mankind access to valuable new economic resources. It will be extremely versatile and will be sold on a commercial basis."

That Japan should be aiming for such ambitious goals is a powerful demonstration of the self-confidence generated by its recept spectacular successes in electronics manufacturing.

To the chagrin of the Americans, Japanese manufacturers have captured about twothirds of the market for the latest type of microchip memories, 64-K RAMs, which store 65,000 bits of information

But Japan's Ministry of Inter-national. Trade and Industry (MITI) believes that more must be done. As well as funding the initial work on the Fifth Generation Computer-which may eventually cost as much as £250m to develop—it is stepping up spending on research basic technologies, which may start to yield results only in the 1990s or beyond.

The stated aim is to equip Japan with the resources needed to secure its technological independence from the West and lo establish its credentials as a centre of genuine innovation.

The image of Japan as a nation of slavish imitators, measure is the sharp rise in the number of Japanese patents

and 1976 to more than 25,000. But Japan's strength has lain ing an "intelligent" machine predominantly in making incre-endowed with human charac- mental advances in technologies which were already proven-not

Many Japanese experts are concerned that without firmer underpinnings, their country's future technological develop-ment may he blown off-course. We must make imaginative breakthroughs," says Professor Shoji Tanaka of Tokyo University, who headed the MITI-funded programme to help Japan catch up in micro-electronics in the late 1970s. "Otherwise I fear that the Americans may make new discoveries which will surprise us."

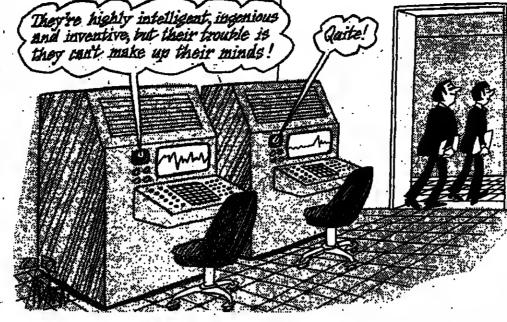
Ironically, however, it is

widely conceded that the Fifth Generation Computer project will not be achieved without Western help—and approval.
With surprising diffidence, Dr
Kazuhiro Fuchi, a senior
scientist with the Agency of
Industrial Science and Techoology (AIST)-MITT's research and development arm—admits:
"It would he fatat for us if Western experts toldş us that

the project was not aimed in the right direction." This need for reassurance stems not only from the fact in detail for the first time. that the project is by far the grandest and most expensive of its type anywhere in the world. It also reflects an acute awareness that Japan is relatively weak in writing software, or tasks which at present can only programming. And it is in the be done through the intervenfield of software that the real tion of human beings. Typically, hreakthroughs will have to be these might include; made if the Fifth Generation • Automatic language transla-

is 99 per cent perspiration and 1 per cent inspiration. The Document preparation using skills it requires are quite typewriters which would conbuild the computer itself—as the printed word. different as the manufacture of Professional consultation. By

trying to increase productivity patients and help diagnose ill-In software design to the levels which It has achieved in indus- ' - Decision-taking. Today's trial production. But it has yet computers can process vast. to display the capacity for conpopular even a decade ago, is ceptual originality and intuitive clearly no longer true. One hriBiance of the very best proceptual originality and intuitive but are almost incapable of grammers in the West.



o-operation in developing the Fifth Generation Computer. It ment, the academic world and industry in the U.S. and Europe to a conference in Takyo at which it unveiled its thinking

The aim of the project is to develop by 1991 a working prototype which would form the basis for large-scale production

Computer is to succeed. tion. This is a particularly high Like Thomas Edism's definipriority for the Japanese, whose tion of genius, writing software own language is notoriously

distinct from those needed to vert human speech directly into television sets is from making transferring to the machine the broadcasts to screen on some of the experise of, say, a medical specialist, the machines Japan is investing heavily in could be used to question

amounts of data at high speeds using them to form reasoned judgments. One objective set Last October, MITI made its for the Fifth Generation Comregistered abroad: in the U.S. first hid to attract international puter is to give it powers of

inference which would enable it cord of undertaking projects to assemble a mass of informasequence and draw conclusions

But foreign delegates who had expected a clear blueprint for such a machine to be revealed at the conference were disappointed, Instead, it was presented as a set of separate, though related, concepts. To realise them would depend on important advances being made in fields including the "architecture" or internal design of computers, the special languages needed to programme them, the structore of electronic data preparing to spend about £25m stored and techniques enabling on the first three-year phase of research, has proposed that and human speech.

Western research teams, notably in the U.S. and Britain, have been beavering away at these problems for some years, partners come forward, Pro-Though the fruits of their labours are starting to appear commercially-for example in computers which can respond tions-most believe that the ten-

the Japanese have a track re- more powerful that the biggest process from a control centre... marised in the Budget statement the Middle Ages.

whose ultimate goals are not reached but which are nevertheless tremendously successful from an industrial and commercial point of view."

Whether or not it reaches its intended destination-and some Western experts think that it may change course several times-the idea of riding on Japan's computer "space shuttle" has aroused excitement overseas, particularly in Britain, The Government is arranging UK collaboration.

other countries should work on separate schemes and compare progress at regular intervals. But if not enough international systems. fessor Motooka has suggested that it may be necessary to beadhunt hrains from abroad.

MITI and industry. One is a

the Cray 1, which can handle up to 250m pieces of information per second.

To operate at such speeds, a computer would need electronic faster than even the most advanced of today's chips.

In the future, Japan envisages that light waves will be increasingly important as a means of transmitting computer information. In 1979. MITI launched a f50m research programme with major companies into optical communications, which use lasers to generate light pulses and send them down transparent optical fibre strands. At the receiving end. the pulses are converted into electronic pulses and fed into a computer.

Meanwhile, MITI is turning ils allemion to still more advanced areas. Last year, it established for the first time a budget for "basic technologies" to finance long-term research into new materials biotechnology and new electronic

developed 4a different types,

devices, these are just steps on the way to a bigger goal. After 198a, he says, Japan will start concentrating on assembling the different types of new device into large, integrated

Work has already started on a plan for an automated steel plant, equipped with a network of several thousand optical .The new types of electronic sensing devices which would to a selection of spoken instruc- device to be used in the Fifth monitor all its major functions Generation Computer are being and report to a computer. The year time-table set for the Fifth developed in other programmes, schematic diagram depicts a web Generation Computer is too some of them jointly funded by of electronic circuity linking the different production units. "It's extremely ambitious," project to build a giant "super- At the top of the drawing, it is year. Given the considerable says Professor Brian Randell of computer for purposes like just possible to make out the error in such forecasts, it is Newcastle University, who meteorological forecasting. The outlines of two tiny human best to describe the effect of attended the conference. "But aim is to make it 1,000 times figures supervising the whole all the ficancial policies sum-

of today's scientific compulers

circuits that worked much

One of the most fascinating projects is to develop an "arti ficial eve" on a chip only a few centimetres square, which wunld convert visual information into computerised signals for storage or display. It is expected to take at least 10 years to achieve, but Japanese companies have already developed simpler types of optical sensors. In the past two rears, Toshiba is said to have

But for Dr Tanaka, who is heading the research into new

Why the Budget still puzzles

By Samuel Brittan

per cent.

to such contradictory reaction the Government's own line.

The personal lax aspects are the casiest to explain. If the and suddenly you receive a sur-prise envelope containing £50 for tax nverpayment, your first Later on you will realise that you are still paying £1,000 more iax than last year. If you don't believe me, luok at a Rowe and Pitman circular

hy the Oxford economist. Water Eltis, which is a reasoned eulogy in praise of the Budget. But he neverthetess catculates that between 1980-8t and 1982-83 taxation increased by over 2 per cent of the Bross Domestic Product. The rise orcurred in the first

of the two fiscal years, in 1982-83 the tax proportion is expected to remain more or less stable. As there has been a deliberate shift in the balance away from industry, the personal sector will pay more, The aim of gradually reducing the PSBR proportion of the national product is a sensible

one. My quarrel is not with the fiscal judgment but the attempt to present it as a distribution of "goodies"—not even with of "goodies"—not even with those who make the attempt, but with those who are taken in. A coherent justification of the Budget strategy is to be found the Financial Statement 1" Red Book"), if only ministers would use it. The forecast of

Treasury economists, which monetory and interest rate policy is that total cash spending, measured by money GDP will rise by nearly 101 per cent in 1982-83 compared with just under 10 per cent the previous

THERE CAN have been few as being to keep total spending Budgels which have given rise more or less on a neutral course. Where then is the recovery as the recent British one. It to come from? The figures just has been widely welcomed, but cited are in cash and represent for opposite reasons. Some have Muncy GDP. The improvement said that it has slimulated is expected to come from spending power; others that il change in the composition of has kept the counter-inflationary that GDP. More of the increstrategy strictly on course. Yet ment is expected to go into others have said that it has done output and less into higher both simultaneously, which is prices and wages than in the 10 per cent rise in money GDP was made up of a 12 per cent Inland Revenue has sent you increase in prices and 2 per increased lax demands of £1.050, cent fall in output. In 1982-83 the price rise is put at 8 to 9 per cent, which will make room for a rise in output of 1 to

> Sir Geoffrey Howe chose to justify his measures in an entirely different way when he wound up the Budget debate last week. He simply claimed that the interest rate fall per-nified by the fightening of the PSBR would have a more than offsetting effect on output. He made this claim even though no one knows law interest rales are gning to hehave or how the Government will react when there are conflicts between the vaguety drawn criteria for setting interest rates set out in

The hasic question is whether a given growth of monetary demand will head to more output and less inflation if it is reached by a combination of a low Budger deficit and some-what lower interest rates than with a higher Budget deficit and higher interest rates. Many City analysis and politicians will argue the former; most fore-casting models favour the latter, The truth is that no general statement is possible in the present state of knowledge and

On earlier occasions I have defended the Government from opponents who wanted it to act like a Good King Wenceslas wbo has the power to increase the supply of satisfaction enjoyed by the population if only he chooses to do so. Now however it is the Government itself which is claiming the mantle of the job of non-partisan analysts error in such forecasts, it is to point out that monarchs with best to describe the effect of the resources to act that way

Letters to the Editor

Zero coupons: bed and breakfast: paper gains

From Mr J. Percical Sir .- Samuel .Brittan's plece

in Lomhard of March 15 posed the central problem of com-pany investment, "that the initial vears of adverse cash flow are more than many companies can bear" hecause of high interest rates. A better answer lay hidden in the Budget than the one Mr Brittan

proposed.
The "issue" of "indexed-linked loan stocks would indeed seem to give the lender the henefit of the capital gains protection set forth in the Budget. But indexation, adds yet another uncertainty lot the issuer's funding problems in that the ultimate repayment cost is

unknown. The answer is the zerocoupon band, which bas had such a success in the Euro-hond market since its introduction in January last year by Salomon Bros. on behalf of General Motors. Issued at a deep dis-count to maturity value, with no interest, the zero-coupon bond converts the whole of the return to the lender into capital gain.

Whatever the attitude of the Inland Revenue, there is no apparent reason to suppose it would differ as between indexed or zero-coupon bonds. The advantage of the latter is that cost to the borrower and return to the lender are bolb known. And the initial cash flow cost to the lender is zero. John Percival Lo Chaise, 24350 Tocone, France.

From Mr T. Goodman Sir,-Mr Sutherland (March 16) implies that Capital gains lax may be saved by hed and breakfasting assets print to indexation. Given that the tax paid has an opportunity cost of a factor equal to inflation, hed

important criteria when assess-

Widespread depression in the

world calls for a new sense of dynamism and leadership in

order to hasten recovery and

development. Mr Luard does not mention the part played by

British investment overseas

since exchange controls were

lifted. More effort is needed

to increase investment in the

low income countries to create

employment and help them to

pay their way and increase their standards of living.

ing the merits of British aid.

The merits of

aid

Moreover, the expenses of This disadvantage is exacer-hated by the fact that present opportunity cost could for this purpose be taken as the rate of return on Government Indexlinked stocks, and is a factor greater than the rate of

T. P. Goodman. 15 Soville Road. Broadgreen, Liverpool 13.

From Mr D. Townsend Sir,—Mr. Lewis (March 12)
quotes the Chancellor of the
Exchequer as saying it is
intolerable for people to be
permanently condemned in be taxed on gains that are apparent but not real-that exist only 00 paper." The consequent Budget proposals to remove such paper gains from capital gains tax must be welcomed. Given Sir Geoffrey's new-found concern for fiscal justice, however, can we anticipate that that similar redress will be accorded to people who are condemned to pay lax on paper income? Will the Finance Bill be appropriately amended during its passesses the same of the propriate of

sage through Parliament?
It is self-evident that so long as inflation obtains, interest rates will comprise two distinct elements-the real rate of interest, plus what is effectively a capital repayment to compensate for the "inflation erosion" of the real value of the principal amount on which the interest is calculated. To levy income lax on such repayments is tantamount to a tax on capital, simply another facet of the same phenomenon which the Chan-cellor has now officially recog-nised in connection with CGT. Were corroborative evidence

recipients to use the money in a way it would not otherwise

have chosen is a clear non-

Aid cannot be divorced from

political, industrial and com-

mercial factors. Other countries

take account of these factors,

often to our detriment; witness

the allocation of desalination

plant contracts and many We cannot afford to

ignore this factor in the battle

for hasiness and just because

sequitur.

and breakfasting has no advan- tention, a comparison of the interest yields on 13} per cent Exchequer Stock 1996—(13.73 bed and breakfasting make this per cent) and 21 per cent proposition disadvantageous. Treasury—Index Linked 1996— This disadvantage is exacer (2.20 per cent), should suffice. The yield difference-11.53 per cent—represents the capital repayment element which the market requires to compensate

for the ravages of inflation. Therefore if paper income is to be treated for tax purposes in a similar manner to paper gains, relief should be provided by an allowance calculated by reference to the original cost of the interest-bearing investment and the retail price index. which can be offset against the paper income for tax purposes. D. A. Townsend. 11 Jonmead.

From the Editor, Statutes in Force

Statutes in Force
Sir.—Leaving on one side the
controversial matter of the
drafting of Acts of Parliament,
raised in Mr John Boyd's letter
of March 5, I should like to
reassure him about the availability of updated versions of
Acts This is a recently

Availability of Acts of law

Acts. This is a recently completed official revised edition of the public general Acts, designed to meet the very need that be describes. It is called Statutes in Force, is published by HM Stationery Office and can be bought in various forms. down to single copies of Acts. The Acts are printed as amended, and the edition is to tion of new Acts, further editions of existing Acts and cumulative supplements. M. L. Dunlap

Statutory Publications Office, required to support this con- 12, Buckingham Gate, SW1

Mr Luard would surely agree of payments there is no reason

that the reduction of unemploy- to give way in the fight to

ment in this country is strengthen our future balances immensely important and there-To say that the use of aid Sir.—Surety Mr Evan Luard fore the tying of aid to funds to secure overseas con(March 17) has omitted some purchases in this country makes sense. To say that this compels the poorest countries is hy no means necessarily true. What deterministic way than is some-

> orest countries. a strange lack of reality and and

quality.
B. A. E. Maude. 4 Both Road. we have had a strong balance Surrey.

Policy is now mildly expansionary

From the Senior Economist, Laing. ond Cruickshank

Sir.-Samuel Brittan (Lomhard March la) argues that a cut of £1hn io the public sector borrowing requirement be-tween 1981-82 and 1982-83 "undoubledly represents a tightening of fiscal policy." This is hy no means the only interpretation of the figures.

Using the PSBR forecast as a summary measure of the thrust of fiscal policy is fraught with many well-known difficulties, not least that it is influenced by changes in output and relative prices which may be hy external events as well as discretionary changes in the instruments of fiscal policy.

· It is no coincidence that massive fiscal deflation was required to produce a less-than-commensurate cut in the PSBR for 1981-82 against the background of a fall in output hetween 1980-81 and 1981-82. Similarly, it is no coincidence that expansionary changes in fiscal policy produce a fall in the PSBR for 1982-83 when the Treasury is forecasting a rise in activity.

The Budget Red Book shows a rise in discretionary public expenditure (current and capital) of 9 per cent in the coming financial year, some-what above the relevant infla-tion forecast, and most benefit rates will rise in real terms in November. On the tax side, personal allowances have been raised by more than inflation excise dulies by less, and capital taxation relaxed. The increase in national insurance contributions (which in any case is hardly a discretionary change since the National Insurance Fund is obliged to run in balance; is compensated by the cut in the surcbarge, and represents a change in the distribution of tax which has come two years too late. Where is the fiscal tightening?

Of course, it is right to argue that the PSBR is an important constituent of monetary policy - though perhaps in a less is needed is more corporate times suggested — and that a British investment in the lower PSBR may open the door to lower interest rates. But Mr Luard's article manifests this does not have a strong message for fiscal policy. In a balance. Aid is not a question few months time, after the inof "quality versus quantity." It evitable rehound in activity, it is a question of ntore quantity will be wrong for commentators and constantly improving to suggest that the economy is quality.

will be wrong for commentators to suggest that the economy is expanding "despite" tight fiscal policy Malcoim Roberts. Laing and Cruickshank. The Stock Exchange, EC2



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> Amholdand S. Bleichroeder, Inc. Banca Uniona di Credito Rank Mees & Hope NV

Banca Commerciala italiana Julius Baer International Limitad Bank of Tokyo International Limited Banque Internacionale à Luxembourg S.A. Banque de l'Union Européenne

Banque Privée de Gestion Financière Baring Brothers & Co. Ltd. Bayarische Hypotheken-und Wechsel-Bank Aktiengesellschaft Bayerische Vareinsbank Aktiengesellschaft Bear, Steams and Co. B.S.I. Underwritera Limited Compagnie de Banque et d'Investissements, CBI Christiania Bank og Kreditkasse Commer: bank Aktiengeseltschaft Continental Illinois Limited County Bank Limited Crédit Lyonnais

Crédit Commarcial de França Crédit Industrial at Commarcial Daiwa Europe Limited Crédit Suissa First Boston Limited Den Norske Creditbank Dresdner Bank Aktiengesellschaft Genossenschaftliche Zentralbank AG Vienna Girozentrale und Bank der östarreichischen Sparkassen Aktiengesellschaft Goldman Sachs International Com. Hambros Bank Limited Handelsbank N.W. (Overseas) Limited E.F. Hutton international inc. Kleinwort, Benson Limited LTCBInternational Limited Lahman Brothers Kulin Loeb International Jnc.

Mitsubishi Bank (Eumpel S.A. Morgan Stanley International Nomura International Limited The Nikko Securities Co. [Europe] Limited Orion Royal Bank Limited . Privarbanken A/S Sarasin International Securities Limited

Sparbankernas Bank Trade Development Bank, London Branch Tradition International, SA

Verband Schweizerischer Kantonalbanken

J. Henry Schroder Wagg & Co. Limited Smith Barnay, Harris Upham & Co. Incorporated Svenska Handelsbanken Union Bank of Switzerland (Securities) Limited Vareina-und Wesibank Aktiengesellschaft Wood Gundy Limited .

NEW ISSUE All these securities having been sold, this announcement appears as a matter of record only. MARCH 1982

Société Générale

Samuel Montagu & Co. Limited

Norddeutsche Landesbank Grozentrale

Yamaichi International (Europe) Limited

Nederlendse Credietbank N.V.

Österreichische Länderbank

N.M. Rothschild & Sons Limited

becomes unconditional.

they seem to have paoicked and gone back to the court of appeal

ahout the implications of the court ruling, which was made

with regard to the earlier Bell offer, and its hearing on the new

higher offers from the associate company of Bell Group, TVW

Mr Holmes a Court described

the move as "academic and unnecessary" because Bell pro-posed to withdraw its original

Ioformation Service:

Leisure).

Nippon Kangyo Kakumaru (Europe) Limited

Nomura International Limited

New Japan Securities Europe Limited

Westdentsche Landesbank Girozentrale

Yamaichi International (Europe) Limited

Saitama Bank (Europe) S.A.

. Tokai Bank (Nederland) NV.

BOC GROUP

Information

Television South West (Section:

In connection with the acquisition by BOC Group of Software Sciences International

In December 1978, 9 final amount

of £2.6m has become payable as

consideration for the acquisition. This is to be satisfied by the

issue of 1,564,371 ordinary

The directors are concerned

to seek clarification."

BY JOHN MOORE, CITY CORRESPONDENT

DIRECTORS OF Associated Com- nffer of 66p for each non-voting share, to a bid worth up to 110p munications Corporation, the per non-voting share. entertainments conglomerate, are today to coosider the position of His oew offers have been Mr Robert Holmes a Court, the made through TVW Enterprises, Australian eotrepreneur, as an Australian lelevision comgroup chairman.

At the same time the directors are in put in train moves to the for ACC, the highest offer worth Appeal Court in an effort to 110p for each quoted non-vnling clarify an earlier decision by the "A" share, placing a value of on takeover attempts more than \$50m on the entire ed by the Australian group. If TVW does not gain, pre-condition of Mr 90 per cent acceptances for the mounted by the Australian.
A pre-condition of Mr

Holmes a Court's original hid nigher offer, then a lower offer for ACC by his master company worth 95p per share will be the Bell Group in Jaouary, was made. that Lnrd Grade must resign as chairman and chief executive and agree to rescind all his sermanagerial end financial support vice contracts with the company to ACC until the lower offer In his place Mr Holmes a Court sought his own appointment.

Bell said that it must hold in aggregate 50 per cent of the offer may be put in jeopardy by voting shares of ACC, which reason of the management supwere largely held hy the

ACC directors, including Lord day that Bell intends to with-Grade, who stood down as coair- draw its original offer. "The man, gave irrevocable under- directors have a realease from takings to accept the offer in their undertakiogs from Bell." man, gave irrevocable underrespect of around 64 per cent of the voting shares which they

Their undertakings were subsequently challenged by Heron Corporation, the private company headed by Mr Gerald Ronson, which has made two counter-bids for ACC. The challenge was made through the courts and judges ruled carlier this month that the undertakings were "void and of no effect"

Since hon Mr Holmes a Court has revised his takeover hid. from the original terms of his

					hid.
•	SPAIN			4B	Oo the chairmanship of the company. Mr Holmes a Court
				ar 15	said, "I have said all the way
	1891			Price	along that if I do have a conflict
	HGA	Low		**	
	348	251	Sanco Bilbac	247	of interest 1 would most cer-
	260	280	Banto Cantiel	348	tainly step down,"
	320	229	Banco Extenor	302	He added: "I bave consulted
	329	239	Sanco Hispano	320	
	128	110	Sanco Ind. Car	110	with the director-general of the
	383	284	Banco Sanjander .	352	Takeover Panel and under the
	235	148	Banco Urguijo	210	City Code there is no coolict. I
	352	263	Banco Vizosya	368	have also taken legal opinion."
	252	203	Banco Zaragoza	245	When Telegrape Dennist.
:	175	82	Dragados	149	The Takeover Panel Is
١.	175 75	45	Espanola Zina	61	expected to aonounce this week
:	72	55		60	its verdict on the purchase of
	55		Facsa		925,000 shares in ACC by TVW
•		22	Gal. Preciados	41	920,000 shares in ACC by 1 V W
	82.7	62.2	Hidicia	62.2	Enterprises which breached the
•	625.	50	berduaro	52.2	City code.
	102.5	70	Potroleos	92,5	ore, court
	104	70	Petroliber	99	TOTAL CIL
	102	10	Sogefise	10	FT Share
•	80 -	60	Telelonica	71	A I VIIII
	. 78.2	60	Union Elect	63,7	Information

THE TRING HALL USM INDEX

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LADBROKE INDEX Close 561-566 (+6)

NEW ISSUE

AIM capitalised at £14.7m

today of an offer for sale of 4m shares of AIM Group, a supplier of interior fittings for aircraft. At the offer price of 140p, the group is capitalised at £14.7m. The offer consist of 500,000 new shares, raising a net £340,000 after expenses for the company, and 3.5m shares being sold in equal amounts by

the group's two sherehelders. AIM has been built up over the past decade by first bringing together an electrical contract pany associate of Bell Group. TVW is making a lwo tier offer eogineering husiness and an aviation equipment manufac-turer and then taking over a qunted aircraft interiors company, W. Henshall, in 1978. Turnover has grown from £1.78m in the year to April, 1977 to £10.1m in 1981 and £5.68m in the first six months of the current year. Over the same This latest offer is conditional period pre-tax profits have risen from £141,000 to £1,7m on the continuation of Bell's last year and £1.1m in the first

half of this year. Profits are forecast to reach £2.2m this year. Last year, 65 per cent of turn-If Mr Holmes a Court is forced to step down as chairman and over and 84 per cent of profits came from the avisticn operachief executive then the TVW AIM supplies galleys. cahin service equipment and port of Bell being discontinued.
Mr Holmes e Court said yestersheetmetal components for aircraft and has huilt up diversified clientele of aircraft maoufacturers and airlines. It also fits bespoke interiors for

BY WILLIAM HALL .

curreccy loan capital was raised by Nationel Westminster Bank

that at any time in its history.

The group raised the equivalent

nf \$470m of foreign loan capital in International markets and

issued over \$300m of commercial paper in the U.S. money

The money is being used to

boost the group's International

expansion and explains the near



AIM Group directors (Left to Right): Mr Jeff Smith, chief. executive, Mr Caspar Macdonald-Hail, sales director, and Cmdr. Sam MacDonald, chairman, with Mr Bob Woodruff, foreman, putting the final tonches to a galley for a RS 146.

The group had net tangible inlend to pay a final dividend of assets of £3.4m al October 31, 3.85p in respect of the current 1981 and net liquid halances of £0.6m. Fixed assets of £1.9m consisted of £0.8m in plant and machinery and most of the in fectories at Cambridge, Reathrow, Byfieet, Crawley, Bournemouth and Southampton.

annual report published today. In 1981 sharebolders funds rose from £1.8bn to £2.21bn and total assets grew from £34.57hn to mercial paper—short-term notes

10-year Eurobond issues intalling from giving the bank greater \$275m which were rated triple A by two leading New York rating tions it also gets its name better

year. A full year rate of 5.75p is indicated. Mr J. C. Smith, the chief executive and Mr Caspar MacDeoald-Hall, sales director, who each hold 3.25m shares cliowing the offer, are waiving their entitlement in all but 0.1p outhampton.

AIM has not previously paid in respect of 1981-82 ividends but the directors

The offer for sale is being

made by County Bank and brokers in the offer are Cazenove. Applications are due before 10 am on Thursday,

The Henshall ecquisition in 1978.

Financial Times Monday March 22 1962

*Ladbroke Agr 1 Lang (John) May 1 Lagore Irda Apr 23

LASMQ Mer. 23
Land Inde, Apr. 8
Lagal And
General Apr. 1

London Brick Apr 8
*Low and Boner Max 29
*Luces Inde. . Mer 26

Mowtern [Johe) Apr No News let ... Mar 25

Motore.

Menzies (John! Apr 22 Final 5.0

Allen Intl. Mar 16 . Ipt. 8.0.

NEL ... Apr 14 Final 28

Transport Mar 25 Fine 1 5

Assurance Age 15 Final 529
Phoenix Asce Apr 1 Final 5.6
"Prudential ... Mer 24 Final 7.5

Reckin and Comen Mar 30 Finel Six Reed (A.) ... Apr 2 Finel Zdg.

Rio Tito
Zinc Apr 12 Final 105
Rockware Mar 25 Final 205
Robbroid Age 9 Final 206
Rugby Prind.

Cament Apr 5 Final S. Single From May 1 Int 12

Scottish - Metropolitan ... Apr 6 3ng 1.26

Smith and Nephew Mar 13 Final 2 6.
Smith 109 Apr 14 19.37.
Smith 1W N) Apr 21 Finel 3.2.
Stendard and

Chartered Anr 7 Final 20%

Sun Alliance Anr 7 Final 26%

*Son Alliance Apr 2 Fieal \$50.00 Tarmag Apr 28 Fieal \$1.50 Taylor Wnodrow Apr 9 First 10.15 Traves and Arnold Apr 23 First 10.15 Traves and Arnold Apr 23 First 10.15 Traves and Arnold Apr 24 Werr Apr 1 First 10.15 Traves 10.15

Chema... Mar 29 Findt at ... * Soord meeting instructed. * Flights lasue aince made. * Tex free & Sorte lesse since made. * Forecast.

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Cambrian & Gen. 7 ip 22
Y. Eldridge Pope 21 365 9.5 2.8 3.711.8
Fiset Holdings 20p 25
Greenfriar Warrants 56
Finm. Bus. Sys. 10p 91
FMalaysien The 6p 50
FORMalaysien The 6p 50

19 1 To 19 2

Crucible Apr 9 Fingl S&

Final 2.832 Final 2.832

Pending dividends

Dates when some of the more importent company dividend

stetements may be expected in the next few weeks are given in the

stetements may be expected in the next tew weeks are given in the following table. The dates shown at those of last year's announcements except where the intrhuming board markings (indicated thus) have been officially published. It should be emphasised that dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

...... Mar 30 Fulsi 6 2

Scotland. Apt 14 Fine195

Berrow Hepburn... Apr 15 Fmel 1 4

"Bell (A.) ... Mar 23 Int. 2 332 "BestoballMer 24 Finel 7.1

Blue Circle Inds. Apt 78 Finel 10.0 Brent Chems Mar 23 Finel 2.25 Booker McConnell Met 30 Finel 725 Bowster Apr 9 Finel 725 Service

Aerospecs Mer 30 Floei 4.87 Brown Sover: Kent. Apt 10 Finei 1.2

*Cape Inds Msr 30 Final 7.2 Crode Iest. Apr 14 Final 2.25 Currys Apr 21 Final 7.5 *ORG Mst 28 Final 3.9 Illelie Apr 22 Final 3.9 Duntop Apr 23 Final 3.5

Duntop Apr 23 Fins 1 3 Eagle Stat Mar 24 Final 5.5 Expanded Metal Apr 14 Final 2 5

*Fairclough Conets. .Mar 23 Finel 2.85

Nat. Orac.. .Apr 27 Final 9.0

Queenaway...Apr 22 Final 4 0
Hawker Siddeley...Apt 15 Final S 2

Buttus ...Apr 6 finel 4 81 Cape of the finel 4 9 Cape of the finel 6 6 Cape of the finel 6 Cape of

Prop. Mey 1 Finel 6.5

Frager., Apr 29 Final 2.5

Johnsen...Apr 2 Final 3.0

Benson, Mar 30 Final 6.0

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Kwik Sava Diacouni. May 1- Int. 1.5

142 F.P. 26:3 197 166 15 F.P. 15:4 22 19 80 F.P. - 365 316 F.P. - 38 91 F.P. - 38 91 10: F.P. - 38 89 11: F.P. - 53 47 13: F.P. - 50 30 14: F.P. - 50 30 15: F.P. - 42 40 46 F.P. 19:2 65 47

data High Low

"Bunzi Pulg and Paper Mar 31 Sutmeh Oil Apt 15 "Cape Inda Mar 30 Crode lett... Apr 14

APV

*Armstrong

*Babcock Intl...Met 31 Bank ol

comment

which caused a flurry of controversy at the time, provided AIM with the base in ecome e significant factor in the aircraft fittings husiness. As the profit record shows, the young directors have worked hard nn productivity and have made the group competitive enough to build up exports to 12 per cent of turnover. Competitions ElS may complain at demand for galleys is at a line level but AlM's order books the manufactor levels have are et near-record levels. Most of the proceeds from the nifer are going in the two owners of the business, but the balance sheet and cash flow are strong and the group is likely to be on the acquisition trail soon with its paper. Its next strategic goal is to set up a U.S. style "completion centre" in the UK, where base aircraft off the where base aircraft off the assembly line are sent in he fitted with everything from evionics to ashtrays. The p/e of, 13.6 at the offer price probably leaves some room for a post-offer premium hut, more important, the longer term prospects look very interesting.

BOARD MEETINGS

*Hapworth
Ceremic Msr 24 Finst 4 286
*Higgs end
Hill... Apr 5 Finst 2.6 LAST YEAR, more foreign capital to 1554m in the group's subsidiary. National Westminster

Interims: J. and J. Makin Paper Milla Raliable Properties. Second City Pro-perties. Trafford Park Estates, Woodrow

Hour meilder tonen' admi-	
Williams end James (Engine	eme).
FUTURE DATES	•
Interims:	
Howden Group	Maich 25
Newman-Tonka	March 26
Peachcy Property	March 23
Finals:	
Anglo-Alrican Finance	March 26
Automated Sacutity	March 25
Booker McConnell	March 30
British Asrospace	March 30
Cambridge Electronica	March 25
	March 24
Church	
Grempisa Holdinga	March 30
Gresn'a Economiser	Aprıl 20
Honzon Travel	Meich 29
House Property Co London	Metch 30
Jove Investment Trust	Merch 23

The tollowing companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. 'Official indications are not available as to whether dividends are interime or finals and the subdivisions shown below are based mainly on last year's timetable. The hank began issuing com-mercial paper—short-term notes of under 270 days maturity—in New York in June 1981. Aside

Finals: Amcliffa, Bestaon Clark Cattle's, Exelor Suilding and Conatruc tion, Relyon PSWS, Squirral Hoin

FUTURE DATES Interims: Howden Group March 25 Newman-Tonka March 26 Penchey Property Merch 23 Finals: Anglo-Alnean Finance March 25 Booker McConnell March 25 Booker McConnell March 30 Crimbridge Electronice March 25 Church March 26 Church March 26 Grempian Holdinga March 30 Gresn'a Economiser April 20 Honzon Travel March 30 House Property Co London Jove Investment Trust March 23	Williams end Jamaa (Engine	BMB).
Howden Group March 25 Newman-Tonka March 26 Peachey Property March 23 Finals: Anglo-Alnean Finance March 25 Automated Security March 25 Booker McConnell March 30 Fritish Aeroepace March 30 Cambridge Electronica March 25 Church March 26 Grempish Holdinga March 30 Gresn's Economiser April 20 Honzon Travel March 30 March 30 March 27 March 30	FUTURE DATES	
Howden Group March 25 Newman-Tonka March 26 Peachey Property March 23 Finals: Anglo-Alnean Finance March 25 Automated Security March 25 Booker McConnell March 30 Fritish Aeroepace March 30 Cambridge Electronica March 25 Church March 26 Grempish Holdinga March 30 Gresn's Economiser April 20 Honzon Travel March 30 March 30 March 27 March 30	leiterims:	
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Penchcy Property	Newman-Tooks	
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Booker McConnell Msrch 30 Briliah Aeroepace Narch 35 Csmbridge Electronice March 25 Church Msrch 24 Grempish Holdinge March 30 Gresn's Economiser April 20 Honzon Travel Meich 29 House Property Co London March 30	Anglo-Alrican Finance	March 26
Sriliah Aeroepace	Automated Sacutity	March 25
6ritiah Aeroepace	Booker McConnell	March 30
Cambridge Electronica March 25 Church		March 30
Church Msrch 24 Grempisn Holdings March 30 Gresn's Economiser April 20 Honzon Travel Meich 28 House Property Co London Meich 30		
Grempish Holdings		
Gresn's Economiser	Church	
Honzon Travel March 29 House Property Co London Merch 30	Grempisk Holdinga	
House Property Co London Metch 30	Gresn'a Economiser	Aprıl 20
House Property Co London Metch 30	Honzon Travel	Merch 29
		indich 53

Sutcliffe Speakman 'still in loss'

Last year the group raised two

agencies. The bank also raised a further \$100m of suhordinated

loans maturing in 1988, in addi-

doubling in the group's loan tion the group's Dutch finance paper was outstanding

NatWest's record foreign loans

AN IMPROVED outlook last man Engineering and Sutcliffe pany, particularly in the U.S. summer has, in the event, proved Speakman Carbon. The first will "but the confidence will only be summer has, in the event, proved Insufficient to help Sutcliffe Speakman, the engineering con-cern, avoid a third year of losses for the 12 months to March 3t. The company confirmed that its latest year has been

unprofitable despite a measure of optimism in the chairman's statement for 1980-81. The following security has seen added to the Share In 1961 the group pre-tax loss was £374,000 (£503,000).

The main UK businesses are to be reorganised with further cost-cutting to cope with the continuing effects of the reces-

slon in the engineering markets. The two main operations of general engineering and specialised carbon production are to be bived-off from the parent company - Inio Iwo new sub-

he headed by Mr A. Moores, the group managing director. The arc anticipating at the end of second is the subject of an the day," he said. external appointment now being finalised.

Major cost-cutting exercises include a reduction in the floor space used by the company in its main Leigh plant in Lancashire. It is hoped to reduce usage hy about 40 per cent and alternative options for the space over 5, up to 6... are now under discussion.

A reduction in the plant's 275 workforce is also planned and talks are due to start with the over 9, up to 19 ... 141 several trades unloss involved over 10, up to 15... 144 over 13, up to 25... 14

Mr Moores sald yesterday li was not yet persible to detail

" hut the confidence will only he there if we get the orders we

Over 6, np in 7

known in the U.S. money mar-kets. At the end of last year over

Public Works Loan Board rates

Effective March 13 Over 7, np in 8 ... 141

Non-quota loans B are 1 per cent higher in each case than —which will become a holding the effects of these measures. non-quota loans A. † Equal instalments of principal. ‡ Repayment company — Into two new subthere were stans of helter by half-yearly annulty (fixed equal half-yearly payments to include sidiaries called Sutcliffe Speak- market conditions for the comprincipal and interest). § With half-yearly payments of interest only.

This announcement appears as a matter of record only

J. Henry Schroder Wagg & Co. Limited

Dai-Ichi Kangyo International Limited

PKB Investments Limited

S. G. Warburg & Co. Ltd.

Wako International (Europe) Ltd.

Smith Barney Harris Upham & Co. Incorporated

Yasuda Trust and Finance (Hong Kong) Limited



AMADA CO., LTD.

US.\$30,000,000 5½ per cent Convertible Bonds due 1997

	Banque Nationale de Paris	Crédit Lyonnais
	Daiwa Europe Limited	Dresdner Bank Aktiengesellschaft
	Kleinwort, Benson Limited	Morgan Grenfell & Co. Limited
	Morgan Guaranty Ltd The Nation	nal Commercial Bank (Saudi Arabia)
•	The Nikko Securities Co., (Europe) Ltd.	Pierson, Heldring & Pierson NV.
	The Taiyo Kobe Bank (Luxembourg) S.A. Union Ban	of Switzerland (Securities) Limited
	Abu Dhabi Investment Company Alahli Bank of Kuwait K.S.C.	 Amro International Limited
	Bank of Helsinki Ltd. Bank of Tokyo International Limited	Baring Brothers & Co., Limited
	Credit Industriel et Commercial Credit Suisse First Boston Limited	Daiwa Bank (Capital Management) Ltd.
	Euromobiliare Sp.A. Fuji International Finance Limited	Kuwait International Investment Co. sak
	Lombard Odier International S.A. LTCB International Limited	Mitsubishi Bank (Europe) S.A.
	Mitsubishi Trust & Banking Corporation (Europe) S.A.	Mitsui Finance Europe Limited

Okasan International (Europe) Limited

Sanyo International Limited

Vickers da Costa International Ltd.

Israel Discount **Bank Limited**

Head Office: 27/31 Yehuda Halevi Street, Tel-Aviv

Condensed Consolidated* Balance Sheet as at 31st December, 1981

	•
Assets US Dollars*** (i	n thousands)
Cash and due from Banks	4,663,641
Government and other securities	695,515
Deposits with and loans to the Israel	, 0,0,010
Government	1,865,497
Loans, Bills discounted and other accounts	2,131,191
Bank premises, other property and equipment	43,903
Customers' liabilities	324,394
Total Assets:	\$9.724,141
Liabilities	
Deposits	7,030,186
Government, Banks and other deposits	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
for granting of loans	1,235,218
Other accounts	S1,837
Liabilities on account of customers	324,394
Debentures issued by Subsidiaries	792,144
Total Liabilities:	9,433,779
Capital Accounts	•
_	105 (00
Capital Stock, Reserves and Surplus	127,622
Convertible Capital Notes Minority interest	20,458
	19,456
Convertible Debentures issued by	_
Subsidiary Company	37

*Including Barclays Discount Bank Limited, The Israel Development and Mortgage Bank Limited, The Mercantile Bank of Israel Limited, The Discount Bank for Industrial Finance Limited, Manpikin – Discount Bank Issues Corporation Limited, Israel Discount Bank of New York and Discount Bank (Latin America), Montevideo.

Total Capital Accounts: Total Liabilities and Capital Accounts: \$9,724,141

122,789

Capital Notes**

*Including Unsubordinated Notes (US Dollars 80 million). ***This condensed statement has been arithmetically translated from Israel Shekets into US Dollors at the exchange rate prevailing on 31st December, 1981 IS 15.60 = US \$1.00 for the convenience of the reader.

> Over 270 Branches and Offices in Israel and abroad. UK Representative Office: 89 Duke Street, Landon, W.L.

Renunciation data usually text day for dealing free of stemp based on prospectus estimate. d Dividend rate paid or pays capital: cover based on dividend on full capital. g Assumed div or forecast, dividend; sover based on previous year's estraints, year based on prospectus other difficult estraints. To ... I further than the control of states and the states of states and states of states and states of states and states of states and states and states of states and states of states and states of states and states of states of states and states of states and states of sta Oriented to student of ordinary shares as a rights of copits issued to fordinary shares as a rights of copits issued of files of the source of the translation of the students of the source of the translation of the source of t

M. J. H. Nightingale & Co. Limited 27/28 Lovat Lane London EC3R RER

£000°s			Channa			P/	
capitaliseli	on Company	D-1	Change	Groes	Yield		Fully
1,283	Ass. Brit. Ind. CULS.	CHE	on week	drv. (0	'	Actual	texted
4,226			÷ 3	t0.0	7.8	_	16.0
1,123	Arisprung	73		4.7	6.4	11.8	. t6.0,
12.159	Armitags & Rhodes	45	_	4.3	9.6	3.8	. 8.S.
1.338	Bardon Hill	139	_	6.7	4.9	9.7	11.5
	CCL 11pc Conv. Pret	107			14.7		-
4.875	Deborah Services	63	- 2	60	9.5	3 1	-53
4.047	Frank Horaeli	127	~ 1	6.4	5.0	11.4	73.5
11,702	Frederick Parker	51	÷ 1		. 7.9	4,1	7.9
978	Georga Bigir	53	+ 1		- 7/4		
3.838	ind. Prec. Csstings	95	+ 1	.7.3	-7.7		10.3
2,816	lais Conv. Piel	109	·		14.4	. 0.0	
.2,454	. Jackson Group	97	1	7.0	7.2	- 3.3	6.9
15,734	James Bullough	114	+ 1	Ś.7	7.6	63	10,5
2,530	Robert Jankins	248	- 5 .	31.3		23	- 8.8
3,180	Scruttoria " A "	64			12.B		
3,881	Tordey & Carlisle		+ 1.	5.3	8.3	9.8	8.1
2.885 .		158	. —	10.7	. 6.7	5.1	9:5
2,157	Twinlock Urd.	131;	<u> </u>	_	_	- -	_
3.615	Twinlock 15oc ULS	79	_	75. 0	19.0		_
10.014	Unilock Holdinga	23	_	3.0	12.0	5,5	7.0
	Walter Alexander	78	+ 2	5.4	8.1	5.2	3,2
5,321	W. S. Yeatss	226	1 5	45.4			8.8
	Prices now svailable	on Pr	agraf ne	n 4914	4		

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annua gross interest	Day-	st Minimus sum	
Knowsley (051-548 6555) Rochford (0702 546366)	% 14 13}	i-year	1,000	Year 48 25

FINANCE FOR INDUSTRY TERM DEPOSITS.

Deposits of £1.000-£50,000 accepted for fixed terms of 3-10 years.

Interest paid gross, half-yearly. Rates for deposits received not later than Terms (years) 3 4 S 6 7 8 9 10 INTEREST % 131 131 131 131 131 131 131 131

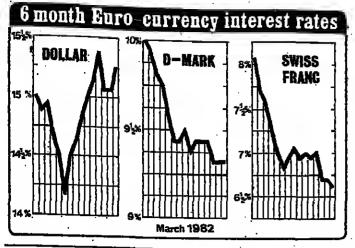
Deposits to and further information from The Treasurer, Fundate for

Industry plc, 91 Waterloo Rd., London SEI 8XP (01-928 7822, Ext. 967):

Cheques payable in "Bank of England, sle Fife" RFE
is the holding company for ICFC and FCI.

INTERNATIONAL BONDS

Buying short and buying quality



POINTS OF NO RETURN

Linking bond yields to currency rates

For example, the D-Mark break-even rale against the

dollar in five years time is 1.8210

For sterling, Strauss Turn-bull says investors would only

need to expect the dollar to appreciate by 3 per cent over the next five years or 4 per

cent over len years before it

would make sense to sell ster. ling honds and buy dollar honds

These figures are small how-ever, in the context of the

violence of recent exchange

dollar-based investors would have to assume a 30 per cent fall

in the dollar against the yen over five years and 53 per cent

over ten years to justify switch ing to lower-yielding yen bonds. SCST claims that for the

very little incentive to switch into D-mark, Swiss franc or yen

The study does not take into

Alan Friedman

account the fact that some in-

bonds in the near future,

Turning to the Japanese ven

D-Mark to the dollar.

movements.

CURRENCY speculation, like a son gives an interest rate difgame of roulette, is one of the ferential of 5½ per cent.
fastes! methods known to man Although SGST does not of losing one's shirt. In the engage in currency forecasting, Eurobond markel, the combination of volatile interest rates even rates.—the rate to which and uncertain currencies can a lower-yielding currency has provide investors with a hair-raising adventure. to appreciate against another to make it worth shifting funds

With these perils in mind into that currency. Societe Generale Strauss Turn-bull (SGST) has just produced its latest edition in the "Points of No Return" series, a useful Investor tool which shows what future shifts in currency rates are implied by present differ-ences in the yields on bonds denominated in different

The last time SGST issued such a report was on the eve of President Reagan's election victory. Between Oclober 1980 and last August the "Reagan dollar" appreciated by 20 per cent on average, according to

the study. Since then, says the report, interest rate differentials bave widened and bond markets are discounting large percentage falls in the U.S. dollar.

The dollar-based iovestor must assume a decline of at dollar-based investor there is least 24 per cent against lbe D-Mark over the next five years in order to justify bolding D-Mark bonds, claims the study.

CKS

This conclusion is reached by comparing the current yield stitutional investors require curve on dollar paper against spread of currency holdings. that on D-Marks. For bonds maturing in 1987, the compari-

divided between Europeans on one side of the Atlantic cheer- and you try to buy quality." movement of money rates and hoping for the best.

The Burdesbank's 1 point cut in the special Lombard rate to 91 per cent last Thursday, combined with cuts in Swiss and Dutch rates on the same day, provided encouragement for already buoyant Continental markets. Then on Friday the Bundesbank gave another signal of its desire to ease interest rates when it announced a 34-day securities repurchase agree-ment with a 91 per cent interest

This provided a real fillip to the Euro D-Mark sector and the. market ended the week in fine shape, bond prices having risen around -11 points on the week and a number of new issues trading above par.

Swiss franc foreign, bond prices also gained one to 11 points last week and both sixmonth Euro D-Mark and Swiss franc deposit rates declined by point.
The Eurodollar sector, by con-

lrast, saw prices edge only is point higher by Friday. The six-month Eurodollar deposit rate refused to fall bowever, and ended the week at 15½ per cent and investigation. cent, np { point.

The Eurodollar sector was bonds and \$250m of straights—holding firm last week, but was you have to pay up not substantially improved. In One borrower which is most New York the codeword appears certainly paying a premium is to be that "if you buy some- Banobras, the Mexican public

watchword is "you buy short reflects both the traditional high log cuts in short-term interest There is quality paper around certain developing countries and rates and the American in the Eurodollar market and the less than rapturous reception

financial community on the a fair amount of it is to be other, not quite certain of the found in the \$1.6bn of new fixed-interest bonds which has heen launched over the past three weeks. But last week saw a high content of floating rate notes (\$495m), usually a sign that the market is dithering about the outlook for interest

Gulf Oil is a quality name, but its \$175m 12-year adjustable coupon paper—effectively threecoupon paper—effectively three-year rollover paper—was priced rather aggressively with a 14½ per cent conpon. That is a Ma Bell-style coupon and although Gulf Oil is good quality, it apparently isn't in the AT and T league. The paper, managed by Salomon. CSFB and Merrill Lynch. seemed to be getting off to a slow start on Friday.

The same formula—adjustable

coupon three-year paper—was used for GMAC's \$100m issue on Friday through CSFB. There are some in the Eurodollar bond market who are now convinced that GMAC is in the running for the "Most Frequent Borrower of 1982" award, but the lales! issue carries a 15½ per cent coupon at 99½ just to make sure the paper sells. If you want to be a frequent borrower—GMAC bas this year issued \$800m (nominal value) of zero coupon bonds and \$250m of straights-

borrowing needs, the World

THIS MORNING the world of thing, you buy short," and in works bank. The 174 per cent international finance is again the Eurodollar market the coupon on this 10-year paper rates paid in the Euromarket by now being accorded to Mexican issuers as a result of the country's economic beadaches.

> At the other end of the image spectrum is the current SwFr 100m 12-year issue for Australia in the SwIss franc foreign bond market; the borrower is so wall-liked in this market that its already low 6; per cent coupon has been cut to 64 per cent.

The Eurobond markets are

net bowever simply a collection of higher and lower quality issues. The outlook this morning seems bright for the Euro D-Mark and Swiss franc bond sectors both basking in the sunsbine of easier interest rates. The Eurodollar sector too. stands a chance of performing strongly over the next week or lwo. There is firm undertone of buying demand and much of

the bad statistical news from the States is discounted. A great

deal depends, as it usually does, on the path of the U.S. bond market and its capricious In the less developed bulldog bond market - the domestic sterling sector for foreign borrowers—today should see a new £100m issue for the World Bank, its second in less than a year. Given its \$85n-plus 1982

Bank must jnmp in where it can. Alan Friedman | now stands at a record \$10bn of which one third is short-

Opting for a generous margin pays off for Greece

GREECE'S decision to opt for generous 🖁 per cent margin on its forcoming Eurocredit has paid off. On Friday the Central Bank was able to award a formal mandate for a deal amounting to \$540m, sharply higher than the \$400m originally sought.

The eight-year credit will bear front-end fees of 2 per cent and repayments will begin after a five-year grace period. The underwriting group com-prises 18 banks including Credit Lyonnais and Morgan Guaranty who will act as joint agents.

The Greek decision brings to an end weeks of speculation over the terms it might obtain for the credit. Banks were particularly concerned that it might be tempted to opt for a deal including a per cent element in the margins which would have been difficult to sell lo smaller participants

But the suspense continues in the case of two other major borrowings, one which can use the leverage of its domestic banks to obtain fine margins and one for Portugal which would like a a per cent margin but admitted last week that its foreign debt

Southern Elsewhere Europe, Italy's electric utility ENEL has awarded a mandate to Deutsche Bank for a large credit in an amount expected to be fixed this week. Market expectations on the margin centre around a spread of a per cent over London interhank offered rates (Libor) for

the first six years rising to ? per cent for the final two. Further North, Denmark's Export Financing Fund is seeksix-year credit with a margin of t per cent over Eurodollar rales led by Bank of America International.

This operation follows hard on the heels of the successful \$1.2bn package arranged for the kingdom of Denmark by Clticorp. The margin is lower than the 1-3 per cent paid by the Kingdom over Enro-currency rales, but the loan has

a shorter average life of five years compared with 6! A commitment fee of 1 per cent will be paid in the event that the credit is used to back up the issue of commercial paper in New York, although details of this are not yet finished. A degree of confusion now surrounds the queue system for Brazilian public sector

While Bank of borrowers. America has been sounding out international banks on a \$300m operation for Elelrobras, Chase Manhattan has obtained a firm mandate froot the oil concern Petrobras to raise a \$300m, eight-year credit.

Petrobras is one of the most popular Brazilian public sector borrowers, offering a considerable amount of anciliary busi-ness and one which has not done a medium-term Eurocredit for over two years. It is paying the standard Brazilian terms of a margin of 21 per eent over Eurodollar rates or 1; per cent over U.S. prime.

Elsewhere, Egypt has asked Chase Manhattan to arrange a \$200m. rwo-year- standby revolving credit with the option of extending the facility for a further one year. This is Egypt's first public international syndication since 1977 and bears a margin of 1 per cent for the first 18 months and 2 per cent

thereafter. In Asia another fine margic eredit bas been announced for a Malaysian borrower. Sabalı Gas Industries is raising \$50m Libor of 2 per cent through Chase Manhaltan and Bank

Peter Montagnon

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m-	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield
U.S. DOLLARS .							
Spain‡ ·	100	1987	5	154	100	CSFB	15.750
Kajima Corp.§‡	30	1997	15	· Sį	100	Morgan Stanley, Diawa Secs.	5.500
Malaysia† · ·	250	1992	10	51	. 100	SBC Intl.	5.320
Amaxt	75	1992	10	161	100	SBC Intl., Kohn Loeb	16.250
Allied Irish Banks†‡	100	1992	10	540	100	CSFB, Allied Irish Inv. Bank, Merrill Lynch	
lsveimert I	75	1989	. 7	11 [©]	100	First, Chicago	11.0000
Ford Credit Canada†** Freisch Groningsche		1988	6	69	•	Commerzbank	
Hypotheckbank†1	20	1987	5	15%	100	Gutzwiller	15.750
Pacific Gas	45	1989	7	15 <u>1</u>	100	CSFB	15,500
Gulf Oil	175	1994	12	143	993	Salomon Bros., CSFB, Merrill Lynch	
Banobras .	150	1992	10	177	. 100	SG Warburg	17.250
Erste Oest. Spar Cassett	40	1992	10	210	100	Orlon Royal Bank	5.250 [©]
GMACI	100	1997	15	15]	991	CSFB	15,340

	Amount	
Borrowers	m.	M
D-MARKS		
Gintand†	157	

m. mount	Maturity	years	Coupon	Price	Lead manager	Oner yiel
		7	93		Dresdner Bank	9.750
100	1989	7	91	100	Deutsche Bank	9.500
100	1992	10	11‡	100 1	Amrobank	. 11,410
50	1989	7		100	Amrobank	10.500
100	1992	8	111		ABN	•
100	1992		72	100₹	(Suisse), Morga	n
						7.680
		_	61			6.500
			6 1	100		6.730
100_	1992		•	•	SBC	
					-	
1. 30	1 99 2	10	151	100	SG Warburg	15.500
35	1987	5	15 }	100	SG Warburg	15.500
206n	1992	10	8.7	99.95	Díawa Secs.	. 8.209
	150 100 50 100 100 100 100 4G 50 100	m. Maturity 150 1989 100 1989 100 1992 50 1989 100 1992 100 1992 100 1992 100 1992 100 1992 100 1992 100 1992 100 1992 100 1992	m. Maturity years 150 1989 7 100 1989 7 100 1992 10 50 1989 7 100 1992 8 100 1992 100 1994 100 1992 100 1992 100 1992 5 100 1992 5 100 1992 5 100 1992 5 100 1992 5 100 1992 5 100 1992 5 100 1992 5	m. Maturity years % 150 1989 7 9½ 100 1989 7 9½ 100 1992 10 11½ 50 1989 7 10½ 100 1992 8 11 100 1992 7½ 100 1992 6½ 100 1992 6½ 100 1992 6½ 100 1992 6½ 100 1992 6½ 100 1992 6½ 100 1992 6½ 100 1992 5½ 100 1992 5½ 100 1992 5½	m. Maturity years % Price 150 1989 7 9½ 100 100 1989 7 9½ 100 100 1992 10 11½ 100½ 50 1989 7 10½ 100 100 1992 8 11 * 100 1992 7½ 100½ 100 1992 6½ 100 100 1992 6½ 100 100 1992 6½ 100 100 1992 6½ 100 100 1992 6½ 100 100 1992 6½ 100 100 1992 6½ 100 100 1992 6½ 100 100 1992 6½ 100 100 1992 6½ 100 100 1992 6½ 100 100 1992 6½ 100 100 1992 6½ 100 100 1992 6½ 100 100 1992 6½ 100	Maturity Years % Price Lead manager

These notes have been sold. This announcement appears as a matter of record only.



U.S. \$ 50,000,000

THE JAPAN DEVELOPMENT BANK

15 1/2 % Guaranteed Notes Due 1987

Offering Price 100%

Unconditionally guaranteed by

JAPAN

BANQUE DE PARIS ET DES PAYS-BAS. BANK OF TOKYO INTERNATIONAL LIMITED

CREDIT SUISSE FIRST BOSTON LIMITED

DEUTSCHE BANK AKTIENGESELLSCHAFT

GOLDMAN SACHS INTERNATIONAL CORP.

IBJ INTERNATIONAL LIMITED

MORGAN GUARANTY LTD

SMITH BARNEY, HARRIS UPHAM & CO. INCORPORATED S.G. WARBURG & CO. LTD.

YAMAICHI INTERNATIONAL (EUROPE) LIMITED

U.S. \$ 200,000,000 CREDIT NATIONAL

Guaranteed Floating Rate Notes Due 1994

Redeemable at the Noteholder's option in March 1990 and 1992 Unconditionally guaranteed as to payment of principal and interest by

THE REPUBLIC OF FRANCE

BANQUE DE PARIS ET DES PAYS-BAS BANQUE NATIONALE DE PARIS

BANK OF TOKYO INTERNATIONAL LIMITED CAISSE DES DÉPÔTS ET CONSIGNATIONS COUNTY BANK LIMITED

DAI-ICHI KANGYO INTERNATIONAL LIMITED MANUFACTURERS HANOVER LIMITED

MORGAN GUARANTYLTD

THE NIKKO SECURITIES CO., (EUROPE) LTD. SOCIÈTĖ GÉNÉRALE

S.G WARBURG & CO. LTD.

SALOMON BROTHERS INTERNATIONAL GOLDMAN SACHS INTERNATIONAL CORP.

BANQUE INDOSUEZ CHASE MANHATTAN LIMITED CREDIT SUISSE FIRST BOSTON LIMITED KUWAIT INVESTMENT COMPANY (S.A.K.) MERRILL LYNCH INTERNATIONAL & CO. MORGAN STANLEY INTERNATIONAL

ORION ROYAL BANK LIMITED WARBURG PARIBAS BECKER

Chemical Rank International Group Dillon, Read Overseas Corporation Fuji International Finance Limited

Kuwalt International Investment Co. s.a.k.

McLeod Young Weir International Limited ntuel Montegu & Co. Limited Nippon Credit International (HK) Ltd. Société Générale de Banque S.A.

Arab Banking Corporation (ABC) Crédit Agricole

Citicoro International Group Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)

Mitsubishi Bank (Europe) S.A. Mitsubishi Trust & Banking Corporation (Europe) S.A. National Bank of Abu Dhab? Morgan Grenfell & Co. Limited Nomura International Limited

Smith Barney, Harris Upham & Co. Incorporated Union Bank of Switzerland (Securities) Limited

TABLE DAY

LAN DEPOSITS

Companies and Markets

Investors keep their distance despite peak real returns

THE REAL rate of interest in only 14 per cent. The strength the U.S. last week was probably of Fed Funds came partly from a record. Nobody knows fears that the money supply is exactly what it was, but it must due for another seasonal surge been over ten per cent, about three times its historical

With prices at the factory gate now declining for the first was down slightly) tax refunds time in six years and retail and other factors are expected prices rising five per cent at the to push it up in the weeks most, a prime rate of 161 per ahead. most, a prime rate of 161 per ahead. Last week's round of cent looks not just astronomical central bank rate cuts in but quite preposterous. Yet Europe is unlikely to have any few U.S. indicators highlight quite so dramatically the state of near crisis into which Wall

Street's financial markets have been driven by the impasse over the Reagan Administration's fiscal policies and the throttling constraints of the Federal Reserve's tough monetary line.

With Mr Reagan refusing to hack on his tax cuts or deficit this year and in tha years ahead seem to be creeping up hy billions of dollars a week. Unless drastic action is taken, tha next budget atarting in October is expected to bave a deficit of at least \$120bn, double the previous record set in 1976 under the Ford Administration, and almost all of which will have to be financed in the U.S. capital markets.

Against this gloomy hack-ground, it is hard to see how the credit market's occasional rallies (of which there was another last week) can get very Many economists assert that the real rate of interest present levels. The truth of watering yields has passed without tempting more than a smattering of retail buying interest. Bond prices and short-term interest rates fluctuated slightly. but ended the week essentially unchanged, and trading was

The higgest stumbling block was the Fed Funds rate which stock with surprising tenacity to the 15 per cent level despite the predictions of money maranalysts that it would soften. This put a heavy strain on traders who were trying to finance positions in the longer term market where yields were to 9448.4bn

THE NOMURA SECURITIES Co., LTD.

BANK OF TOKYO INTERNATIONAL LIMITED

which will force the Fed to clamp down further. Although these fears were unfounded last week (M1, the main measure,

impact on U.S. monetary policy. The atrength of short term rates forced four large banks to rescind a 1 per cent cut in the prime rate and retreat to the 161 per cent level at which most other banks had wisely

Some of the market's weak ness followed news that the economy appeared to pick up defence spending plans, projections of the Fedaral Budget possibility of a rebound in credit possibility of a rebound in credit demand.

> Industrial production rose 1. per cent, the first gain in many per cent, the first galu in many mouths, and bousing construc-tion leapt ahead. But many economists dismissed this as a bounce hack from January when bitterly cold weather brought much of the country to a stand-atill. The key statistic for the credit markets this week will be the latest retail price inflatioo figure due tomorrow.

The pace of borrowing in the bond market eased a little last week hecause of the uncertainty. Clticorp. Housebold Finance and American Express each cannot possibly remain at its came to market for \$100m, the first two with floating rate ootes. the matter, however, ia that Bank of America also an-anuther week of what would counced plans to issue zero nurmally be viewed as mouth coupun notes for the small saver. With a face value of \$1,000 they can he hought for either \$250. \$333 or \$500 maturing, respectively, in 10, 8 and 5

David Lascelles

U.S. INTEREST RATES (%)
Week to Week to
Mar 1B Mar 12 Fed. funds wkly. av. 3-month Treas, bills 3-month_CO 30-year Treas, bonds AAA Uril. 15.85 15.85 AA Indestriel 15.13 15.25 Source: Saloman Brothers (estimates). in the week to March 10 M1 Jell \$400m

Norcem recovery leads to resumption of dividend

tonnes: purchases of foreign-

Petroleum services increased

turnover last year, but overall

profits were about the same as

over 5m tonnes.

BY FAY GIESTER IN OSLO

strong recovery in profits for their conversion from oil to coal 1981 and plans to start repaying firing. Local cement production a dividend.

On sales 18 per ceot higher at NKr 3.1hn, profits before tax emerge at NKr 53m (\$9m) compared to NKr 9.6m in 1980. A dividend of 10 per cent is Disposal profits, mostly share

sales, of NKr 21m take total pre-tax profits up to NKr 74m, against little more than hreakeven in 1980 following so extraordinary debit of NKr 9.3m. The improved profit reflects higher earnings by the fureign subsidiaries, the elimination of

loss-makers and higher earnings although "a step in the right direction,' was far from good enough. Norcem is capital intensive and needs annual net

profits of between NKr 150m and NKr 200m "to be able to invest as we would like."

NORCEM, the Norwegian build- by the three Norwegian cement business remains cement. Its ing materials groups, reports a plants was partly a result of foreign cement trading opera-

Airline spurns unionism

company employees. Air Florids, which has made major inroads in the U.S. air-line industry as a result of airline deregulation and its com-

tions are handled through terminals where Norcem is parthas been reduced to 1.6m owner.

The newest of these is in Port Harcourt in Nigeria which cost NKr 80m to develop and will made cement last year reached eventually handle Im tonnes of cement a year. Partnered hy Nigerian and Finnish interests. Norcem has a 20 per cent share-But the bulk of Norcem's holding in the terminal

BY PAUL BETTS IN NEW YORK

FOR THE second time in the rejected by a 12-to-one margin ten-year bistory of Air Florida, to become members of the Airon domestic cement sales.

Managing b7igfi shrdlu shrd
Mr Gerhard Heiberg, managing director, said that the result,
organised labour to unionise

The improvement in carnings port and reservation employees year.

line Employees Association Union

For Mr Eli Timoner, Air Florida's chairman, the defeat the unions "another step in the airline's plan to return to profitability in 1982." Air Florida, after a petitive advantage as a Don- remarkable period of growth, unionleed airline, and its air- reported a loss of \$5.9m last

Northern sells air freight arm

BURLINGTON NORTHERN the U.S. railways, forest products and energy group, is seli-ing its air freight forwarding operations for S177m in cash. The company that agreed in principle to self Burlington

Northern Air Freight, whose 1981 revenues totailed \$350m. to Pittston, the coal mlning-tosecurity services group. Pittston intends to operate BN Air Freighl with no

changes in management of organisational structure. BN Air Freight provides domestic and international forwarding services and is claimed to be the second largest forwarder of air freight in the U.S.

The disposal by Burlington Northern is subject to com-pliance with regulatory requirements, a definitive purchase agreement and the approval by the boarda of both companies. Burlington Northern stressed that it could make no comment oo its plans for investing the cash proceeds from the sale of BN Air Freight.

INTERNATIONAL APPOINTMENTS

Burlington | Hudson's Bay hit by retailing squeeze

year ended January. 1982, carnings were C\$356.1m agains! against C\$54.6m a year carlier. The poor outturn was due to 1980-81. the impact of the recession and a squeeze on consumers' disposable income particularly in the second half of the year.

However, the results were marginally ahead of expectations. Many analysis had ex-pected the Bay to report an operating loss.

The latest earnings were not sufficient to cover preferred estate assets through Mark divideods of C\$11.7m. However, the Bay, which is controlled hy the International Thomson group, made a C\$382m special London.

HUSDON'S BAY, Canada's gain last year on the sale of largest retailer, reports operate a major holding in Hudhon's lng earnings of C\$3.7m for the Bay Oil and Gas. Thus final net C\$73.4m on the same basis in

Revenue was C\$4 2bn against C\$3.8bn. The company operates the Bay department store chain, Simpsons, and owns a large minority interest in Simpson Sears. The company also owns the Zeilers chain in East Canada and has a small ell and gas company in Western Canada. The Bay operates major real

borough Properties, which has plans to develop the former Ray headquarters in the City of

Credit watch on BAT

BAT, the UK ichaeco and thicks current developments retailing company, and Marshall could affect the credit standing Field, the Chicago department of both companies. David store group for which it is bidding \$346m have both been York. placed on "credit watch" Standard and Poors, one of the leading New York credit rating to B agencies. This means S and P age.

Laserlics reports from New

S and P said the acquisition would add Marshall Field's debt to BAT's and increase its lever.

Howard Miller returns to head Avis

Mr Howard C. Miller, Jr. has been appointed president and chief operating officer of AVIS



Mr Howard C. Miller, Jr.

INC., New York, an operating company of Norton Simon Inc. He was formerly president and chief executive officer of Canteeo

Corporation, and had been in charge of Avis from 1968 to charge of Avis from 1908 in 1972 while an executive of International Telephone and Telegraph Corporation. Mr J. Patrick Barrett, an executive vice president of NSI, will continue as chief executive officer of Avis, a position he has held since the executive. has held since the resignation of Mr James F. Calvano as Avis president and chief executive officer last Angust.

• At UNITED BRANDS COM-PANY, Naw York, Mr Lionel Sterling has resigned as executive vice president, chief financial officer and a director. No replacement has been announced.

 Dr Hans-Ulrich Doerig, head of the multinational services division of CREDIT SUISSE, has been appointed a deputy general manager of the bank. Mr Thomas Schmidheiny, manage-ment chairman of Holderbank Financiere Gtarus, has succeeded former Swiss Finance Minister, Dr Nelln Celio on the Credit Suisse board.

• PITNEY BOWES INC., Stamford, Conn., has elected dir Carmine F. Adimando as vice president-controller of the He was vicecorporation. president-floance of the Wheeler Group, the direct mail catalogue

MORGAN GUARANTY LTD

BANQUE DE PARIS ET DES PAYS-BAS

subsidiary of Pitney Bowes. Mr Arthur R. Taylor, chairman, generat manager of Houston partner. He wilt succeed Mr president and chief executive operations.

Officer of RCTV Inc., and GAF CORPN., New York, bas partner on November 1. Mr managing partner of Arthur Taytor and Co., has been elected a director of Pitney Bowes Inc. • Mr Harry Breeden has been appointed executive chairman of NORWEST HOLST AUSTRALIA

PTY. He was previously manag-ing director of Norwest Holst Civil Engineering. The appointment is to strengthen and expand the group's operations
Australia. Mr Ronald K. Glover has heen appointed executive vicepresident of marketing, and consumer financial services

consumer financial services group at American Express headquarters in New York. Mr James B. Youngblood has been named vice-president marketing, of the peripherals division of PERTEC COMPUTER CO, California, a whollyowned subsidiary of Triumph

d vice-president of the stic uperations of the W. KELLOGG CO., a elabrator Frye luc subdomestic Wheelabrator Frye Inc sub-sidiary. Mr Paul Williams, and executive vice-president of becomes senior vice-president of ITT Africa and the Middle East. international operations, and Mr COOPERS AND LYBRAND, Mr Hans Sommer, general replacing Mr Trade Tay James J. Degnan, replaces Mr Duhlin, has appointed Mr Kevin manager of Ebauches SA, is to continues as chalrman.

STRAIGHTS

drived EDVIC

STRAIGHTS
Ansen Transport 72

Ansan Transport 72 22
Asian Dev. Bank 8 90
Australia 62 93
Belgelectric 72 91
Bell Canada 72 93

Mr Matthew J. Wall, has been

operations.

• GAF CORPN., New York, bas elected Mr Bernard L Kapell, a vice-president since 1979, as its

Mr Bernard J. McFadden has been appointed general manager



Mr Bernard J. McFadden

Flinn, who has been chairman and managing partner since the establishment of Coopers and Lybrand in Ireland in 1968, will continue as, chairman of the

DART AND KRAFT, INC. has named Mr William L. Jack-son, president of Duracell International Inc., a hualness unit of Dart and Kraft, to the additional position of group vice-president of the corporation.

Mr Hugh B. Firminger has ben appointed directur of the Mtchigan commerce department's

trade office in Brussels, Mr Thomas M. McHugh, senior vice president and manager of directors and officers liability insurance for HARBOR INSURANCE COMPANY. Los Angeles, has retired. He is succeeded by Mr Allen A.

Sterger. · ASUAG (The General Corpuration of Swiss Horological Industries) has appointed Mr. Carl M. Meyer, assistant general manager of GWC (Geoeral Watch Co) financial director in place of Mr Helnz Hammerll.

takc responsibility of Mr Hammeril for Les Fabriques d'Assortiments Reunies SA (FAR), Niverex SA and Pierres Holding SA. These changes take effect from April • Mr Louis Castelli, president of Moore McGormack Energy, has been elected a vice president of the U.S. based MOORE McCORMACK RESOURCES INC.

• Mr Harry Taylor has been elected president of MANUPAC-TURERS HANOVER CORPORA TION and Mr John R. Toroll Iti president of MANUFACTURERS HANOVER TRUST COMPANY.
Mr Taylor and Mr Torell, formerly vice chairmen of both organisatinos, succeed Mr John F. McGilllouddy who had been president of each Institution. Mr. McGillleuddy cootinues as chalr-man and chief executive of both the Trust Company and the Corporation. Mr Taylor has also been elected executive vice chalrman of the Trust Company and Mr Toroll executive vice chairman of the Corporation.

· ELECTRONIC MEMORIES AND MAGNETICS CORP. bas appointed Mr W. D. Warren, for-merly a vice president with Datapoint Corp. as presideol, replacing Mr Trade Taylor, who

The Japan Development Bank

(Incorporated pursuant to The Japan Development Bank Law)

U.S. \$ Denominated 8% Yen-Linked Guaranteed Notes 1987 of an aggregate principal amount equivalent to Yen 12,500,000,000

Unconditionally and irrevocably guaranteed by

Japan

BARING BROTHERS & Co., LIMITED CREDIT SUISSE FIRST BOSTON LIMITED GOLDMAN SACHS INTERNATIONAL CORP. IBJ INTERNATIONAL LIMITED KLEINWORT, BENSON LIMITED KUWAIT INVESTMENT COMPANY (S.A.K.) SMITH BARNEY, HARRIS UPHAM & CO. INCORPORATED Swiss Bank Corporation International Limited S. G. WARBURG & Co. LTD. ALGEMENE BANK NEDERLAND N.V. AMRO INTERNATIONAL LIMITED BANCA COMMERCIALE ITALIANA BANK OF AMERICA INTERNATIONAL LIMITED BANCO DEL GOTTARDO BANK OF HELSINKI LTD. THE BANK OF TOKYO (HOLLAND) N.V. BANQUE GÉNÉRALE DU LUXEMBOURG S.A. BANQUE DE L'INDOCHINE ET DE SUEZ BANQUE NATIONALE DE PARIS BANQUE WORMS BERLINER HANDELS-UND FRANKFURTER BANK BERGEN BANK A/S CAISSE DES DEPOTS ET CONSIGNATIONS CHRISTIANA BANK OG KREDITKASSE CHASE MANHATTAN LIMITED CITICORP INTERNATIONAL GROUP COUNTY BANK LIMITED CONTINENTAL ILLINOIS LIMITED CRÉDIT COMMERCIALE DE FRANCE CREDIT LYONNAIS CREDIT INDUSTRIEL ET COMMERCIAL CREDITANSTALT-BANKVEREIN DAI-ICHI KANGYO INTERNATIONAL LIMITED DAIWA EUROPE LIMITED DBS-DAIWA SECURITIES INTERNATIONAL LIMITED DILLON, READ OVERSEAS CORPORATION DG BANK DEUTSCHE GENOSSENSCHAFTSBANK EUROPEAN BANKING COMPANY LIMITED FUJI INTERNATIONAL FINANCE LIMITED GIROZENTRALE UND BANK DER ÖSTERREICHISCHEN SPARKASSEN ÄKTIENGESELLSCHAFT HAMBROS BANK LIMITED J. Henry Schroder Wagg & Co. Limited HILL SAMUEL & CO. LIMITED INDUSTRIELBANK VON JAPAN (DEUTSCHLAND) ARTIENCESELLSCHAPT THE HONGKONG BANK GROUP KIDDER, PEABODY INTERNATIONAL LIMITED KUWAIT FOREIGN TRADING CONTRACTING AND INVESTMENT CO. (S.A.K.) MANUFACTURERS HANOVER LIMITED MERRILL LYNCH INTERNATIONAL & CO. LTCB INTERNATIONAL LIMITED MITSUI FINANCE EUROPE LIMITED MORGAN GRENFELL & Co. LIMITED MITSUBISHI BANK (EUROPE) S.A. NEW JAPAN SECURITIES EUROPE LIMITED MORGAN GUARANTY PACIFIC LIMITED MORCAN STANLEY INTERNATIONAL NIPPON CREDIT BANK INTERNATIONAL (HK) LTD. THE NIKKO SECURITIES CO., (EUROPE) LTD. NIPPON KANGYO KAKUMURA (EUROPE) LIMITED NIPPON EUROPEAN BANK S.A. ORION ROYAL BANK LIMITED NOMURA INTERNATIONAL (HONG KONG) LTD. Samuel Montagu & Co. Limited SALOMON BROTHERS INTERNATIONAL PRIVATBANKEN A/S Société Générale de Banque S.A. SANWA BANK (UNDERWRITERS) LIMITED SKANDINAVISKA ENSKILDA BANKEN THE TAIYO KOBE BANK (LUXEMBOURG) S.A. SUMITOMO FINANCE INTERNATIONAL SVENSKA HANDELSBANKEN WAKO INTERNATIONAL (EUROPE) LIMITED TOKAI BANK NEDERLAND N.V.

WESTDEUTSCHE LANDESBANK GIROZENTRALE

All of these securities have been sold. This announcement appears as a matter of record only.

YAMAICHI INTERNATIONAL (EUROPE) LIMITED

FT INTERNATIONAL BOND SERVICE

S. DOLLAR		Change on	Change on
RAIGHTS	ssued	Bid Offer day week Yield	YEN STRAIGHTS . Issued Bid Offer day week Yield
heuser-Busch 16-2 83	160	163% 104% 0 +0% 15.45	Asian Oov. Bk. 81, 91 15 991, 1001, +01, -01, 8.19
S Fig. Co. 174 86		125-1657 0 0 15.35	Finland, Rep. of 83, 87 16 997, 1007, 0 -0% 2.27.
S Fin. Ca. 164 59	75	1004 1044 - 04 + 04 15.24	IntAmer Day. 6. 91 15 1014 1024 +04 -1 8.51
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stration Ind. 15- 87	25	1985, 991, +01, +01, 15.83	New Zealand 812 37 15 9972 10072 +012 -012 8-27
er Int. Fin. 0.0 92	225	24 244, -01, -04 16.41	Average price changes On day +01 on week -01
k Montreal 164 91	150	1031, 1031, 104 +01, 15 46	Linkings bites climitated:
Colum Hyd. 164 85	100	1031, 1031, 474 +04 15.27	Change on
Colum. Mia. 17 97		103 1031, -01, -03, 16.36	OTHER STRAIGHTS Issued Bid Offer day week Yield
rroughs Int. 15% 88	. 50	1011, 101% -61, +01, 15,38	Can. Utilities 17 96 CS 50 19814 9814 +014 -013 17.24
nedelr 15-, 87		1004 1007 -0- +0 15.38	CISC 151 88 CS 75 196 961, 0 0 16.67
. Nat. Rad 14% 91		97 971 0 0 15.14	Pancanadian 161, 88 CS 65 1981, 981, 401, 401, 18.83
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C 15 87,		1P2 1024 0 +04 15 32	Transalta 17 89 CS 50 1994 1004 +04 0 16.97
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n. Illinois 15½ 89	100	1024 7024 +04 +04 15.13	Amfes Group 124 86 Fi 40 1064 1044 +04 +04 10.93
1. Illinois 13% 65	400	991 997 -01 +01 14.54	Amro Bank 12 86 Fl 75 1043, 1051, +02, +02, 10.46
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っ Edison Fin. 175 88	75	105 1051 -014 -01, 15 07	Royal Trusteo 14 83 E 12 965 875 Q -01, 15.00
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CONVERTIBLE S

C The Financial Times Ltd., 1982. Reproduction in witch in gar in say form set germitted without written neent. Date supplied by RATASTREAM International. **EUROBOND TURNOVER** (nominal value in 5m)

Cedei ciear U.S. \$ bonds Previous week 6,727.1 11,593.0 Other bonds Last week..... 1,188.0 1,406.6 Previous week 870.6 390.9

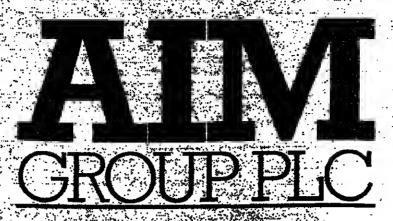
* No information availableprevious day's price. † Ooly one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of tha mid-price; the amount issued is in millions of currency mills except for Yen bonds where it is in billions. Change on week = Change over price a week

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Cdte=Date next coupon becomes effective Spread = Margin above sactionth offered rate (‡ three-month; § above mean rete) for U.S.

CONVERTIBLE BONDS: Denominated in doltars unless otherwise indicated. Chg day= Change on day: Crv. date=First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Per centage prentium of the current centage prentium of the current ceffective price of acquiring shares via the bond over the most recent price of the shares. The list shows the 200 latest

international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredielbank NV; Credit Commercial de France; Credit Lyonnals; Commerciank AG; Deutscha Bank AG; Westdeutsche Landeshank Girozentrale; Banque Oenerale du Luxembourg SA; Banque Internationale Lincombourg international bonds for which Internationale Lincombours
Rredielbank Lincombours
Algemene Bank Nederland NV.
Plerson, Heldring and Pierson
Credit Suisse/Swiss Credit Bank Uulon Bank of Switzerland; Akroyd and Smithers: Bank-of Tokyo International; Bankers Trust International; Credit Com-Loodon; Citteory International
Bank; Daiwa Europe NV; Deitec
Securities (UK); EBC: First
Chicago; Goldman Sachs International Corporation; Hambros
Bank; IBJ International; Kidder
Peabody International; Manufac Bank: IBJ International: Kinder Peabody International: Manufac-turers Hanovar: Merrill Lynch. Morgan Stanley International Nikko Securities Company (Europe): Orlow Royal Bank. (Europe); Orion Royal Bank, Samuel Montago, and Go. Scen-dinavian Bank, Societe Generale Strauss Turnbull: Sumitomo Finance International, Warhurg and Cd. Wood Gundy Closing prices on March 19



Offerforsale

of 4,000,000 Ordinary shares of 10p each a

The Ordinary shares now offere declared or paid on the Ordi hare payable in full on application.

dividends hereafter of the Company

Authorised

SHARE CAPITAL

Issued and now being issued fully paid £1,050,000

£1,250,000 in 12,500,000 Ordinary shares of 10p each

Indebtedness

At the close of business on 26th February, 1982 the Company and its subsidiaries bad outstanding borrowoutstanding, or created but unissued, mortgages, charges or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or guarantees or other material contingent liabilities

KEY INFORMATION

The following information should be read in conjunction with the full text of the Offer for Sale.

Principal activities

The Group's primary activity is the design and manufacture of a broad range of aircraft cabin interiors and equipment and protective coverings for military and civil aircraft; other activities include mechanical and electrical contract engineering and the design and manufacture of a range of patented ovens for use in commercial catering.

Turnover and pr	Turnover	Profits before taxation
30th April	£000	€000
1977	1,777	141
1978	3,057	384
1979	6,234	281
1980	8,090	1,037
1981	10,132	1,705
1982 (forecas	•	2,200

At the Offer for Sale price of 140p per share, the total value of the issued share capital immediately following the Offer for Sale will be £14.7 million.

Price-earnings ratio

On the basis of the forecast profit for the year to 30th April, 1982, adjusted to take account of interest on the net proceeds of the new shares now being issued, and after provision for corporation tax at 52 per cent., the price-earnings ratio at the Offer for Sale price of 140p per share is 13.6 times.

On the basis of the expected dividend of 5.75p (net) per share for a full year, the gross dividend yield at the Offer for Sale price would be 5.87 per cent. After a full tax charge on the forecast profit, the dividend would be covered 1.75 times excluding the benefit of any waivers.

Net tangible assets Following the Offer for Sale, the consolidated net tangible assets of the Group, based on the audited consolidated balance sheet at 31st October, 1981 and adjusted for the net proceeds of the new shares now being issued, will be £3.78

DIRECTORS & ADVISORS

Robert MacDonald-Hall, (Chairman) Victoria House, Victoria Street, Northam, Southampton SO11QZ. Jeffrey Colin Smith, (Group Chief Executive) Victoria House, Victoria Street, Northam, Southampton SO1 1QZ.

Caspar MacDonald-Hall Victoria House, Victoria Street, Northam, Southampton SO1 1QZ. Robert Anthony Green, F.C.A.

Victoria House, Victoria Street, Northam, Southampton SO1 1QZ. Sidney John Smith, M.Sc., C.Eng., F.R.Ae.S., F.B.L.S., A.M.J. Inst.E., M.LE.T. Victoria House, Victoria Street, Northam, Southampton SO1 1QZ.

SECRETARY AND REGISTERED OFFICE Robert Anthony Green, F.C.A. Victoria House, Victoria Street, Northam, Southampton SO1 1QZ. STOCKBROKERS

Cazenove & Co. 12 Tokenhouse Yard, London EC2R 7AN. SOLIGITORS TO THE COMPANY Rubinstein Callingham 6 Raymond Buildings, Grays Inn, London WCIR 5BZ.

SOLICITORS TO THE OFFER Travers Smith, Braithwaite & Co. 6 Snow Hill, London EC1A 2AL.

JOINT AUDITORS AND JOINT REPORTING ACCOUNTANTS Binder Hamlyn

8 St. Bride Street, London EC4A 4DA. Rothman Pantall & Co.

Avebury House, St. Peter Street, Winchester, Hampshire SO238BN.

PROPERTY VALUERS Conway Relf, Chartered Surveyors 44 St. James's Place, London SWIA 1PG.

National Westminster Bank PLC 21 Lombard Street, London EC3P 3AR.

REGISTRARS AND TRANSFER OFFICE National Westminster Bank PLC Registrar's Department, P.O. Box 82, 37 Broad Street, Bristol BS99 7NH.

The following information concerning the Company and its subsidiaries ("the Group") has been received by County Bank Limited from the Directors of the Company:-

INTRODUCTION

The Group's primary activity is the design and manufacture of a broad range of aircraft cabin interiors and equipment for military and civil aircraft. The range includes galley and cabin service units, overhead storage racks, soundproofing materials, interior decor and trim and aircraft seating. The Group also manufactures specialised covers for all-weather protection for use in the aviation industry. It is one of the leaders in its field, capable of supplying a complete package to meet the particular requirements of its customers which include governments, major world airlines, aircraft manufacturers and equipment suppliers.

In addition the Group has two other principal activities. These are, first, a contracting business which comprises the design, installation and maintenance of heating, airconditioning, refrigeration, electrical and fire-protection systems, and second, the design and manufacture of a range of patented ovens which combine both micro-wave and convection principles known as micro-aire ovens.

The Group is the result of a series of successful acquisitions of a number of companies with good products and a sound engineering base, which were in need of reorganisation and investment. The Company was incorporated in February, 1970 by Mr. R. MacDonald-Hall and in that year acquired the assets and business of a mechanical and electrical contract engineering business, based in Southampton. This business is now carried on by a subsidiary, F. W. Cook (Mechanical Services) Limited ("Cooks"), and has been expanded to include refrigeration and air-conditioning: In 1972, largely as a result of his experience and interest in aviation, Mr. R. MacDonald-Hall and his family acquired the first of the companies engaged in the manufacture of aviation equipment, John E. Clarke & Co., (Rournemouth) Limited ("Jecco"). (Bournemouth) Limited ("Jecco").

In 1973 Mr. R. MacDonald-Hall sold the Company, which is now the holding company for the Group, to Mr. J. C. Smith and Mr. C. MacDonald-Hall in equal proportions. In 1978 the issued share capital of W. Henshall & Sons (Addlestone) Limited ("Henshall"), a public company listed on The Stock Exchange, was acquired by a general offer to its shareholders made by a joint company owned as two-thirds by the Company and one-third by Jecco. The acquisition of Henshall, together with its subsidiary, Fliteform Limited ("Fliteform"), greatly increased the Group's aviation business. This part of the business has subsequently been developed by the acquisition by a subsidiary, Henshall Bonded Assemblies Limited ("Bonded Assemblies"), of a business which manufactures

Shortly before the acquisition of Henshall, Henshall had itself acquired Mealstream (UK) Limited ("Mealstream"), patent rights for a range of ovens and certain related assets. In 1980 the Company acquired from Mr. R. MacDonald-Hall and his family their interests in Jecco, which included its one-third holding in Henshall. In 1982 the corporate structure of the Group was reorganised and the Company changed its name to AIM Group PLC.

Since 1978 a rationalisation programme has been completed to separate the activities of the enlarged Group into three principal divisions: aviation, mechanical and electrical contracting and oven manufacture.

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The relative contributions of the three divisions to turnover and profits before tax in the four financial years ended 30th April, 1981 and in the six months ended 31st October, 1981 were as follows:-Six months

		,			enaca	
	7	cars ended	30th April	ι.	31st October.	
•	1978	1979	1980	1981	1981	
	£'000	£*000	£'000	£'000	£000	
Turnover		•				
Aviation	1,116	3,705	5,783	6,632	3,353	
Mechanical and electrical contracting	1,941	2,211	1,774	3,089	2,108	
Micro-aire oven manufacture		318		411	217	
TOTAL	3,057	6,234		10,132	5,678	
					Six months	
	_	_ *			anded.	
•		Zear ended		,	31st October.	
	1978	<i>1979</i>	1980	<i>1981</i>	1981	
	£'000	£'000	£000	£'000	£'000	
Profits before tax				٠.		
Aviation	264	206	887	1,437	1,011	
Mechanical and electrical contracting	120	91 .	109	221	106	
Micro-aire oven manufacture		2 (16)	. : 41	47	· 16	
TOTAL	384	281	1,037	1,705	1,133	

This division comprises Henshall, Fliteform, Jecco and Bonded Assemblies and provides an integrated service covering the initial design stage, stress analysis, manufacture, installation, technical support and maintenance of complete aircraft cabin interiors, including equipment and associated hardware, soft furnishings and trim-

The aviation division companies and products are certified where relevant under appropriate engineering standards established by the United Kingdom Civil Aviation Authority, the Ministry of Defence and the Federal Aviation Administration in the United

States of America.

Each of the four companies within the aviation division retains its own identity and distinct customer base, although their activities complement each other. The scope of the service to customers combined with the adaptability of its products enables the aviation division to cover the full extent of the aircraft cabin interior market from the commercial airlines and major aircraft manufacturers to military and private aircraft users. The market includes refurbishment and spares as well as the supply of equipment for new aircraft. Customers of the aviation division include the Ministry of Defence; a large number of the world's international airlines, major aircraft manufacturers; and equipment suppliers such as Martin-Baker Engineering, Plessey and EMI Electronics.

The proportion of sales in any one year to individual customers is dependent on the size and finning of particular contracts undertaken. This is especially true of sales to international sirlines. Of the aircraft manufacturers, Boeing, British Aerospace, Westland Aircraft and Short Brothers are important customers. However, in the last two financial years, no customer has accounted for more than twenty-five per cent, of the division's

The proportion of sales in any one year exported from the United Kingdom is affected by the timing of contract completions and delivery dates and can therefore vary significantly from year to year. However, aggregate exports during the last three completed financial years amounted to 8 per cent. of the division's turnover.

Henshall operates from factory premises in Byfleet, Surrey. Principal products designed and manufactured are:-

 wide and narrow bodied aircraft galleys, together with insert equipment including warming ovens, high temperature ovens, beverage containers and water boilers: - cabin service equipment, including a complete range of trolleys for meal service, duty free goods and waste.

- aviation sheetmetal components, aircraft interior doors, light structural parts, aerodynamic fairings, avionic racks, ductings and seat frames.

The galley systems, cabin service equipment and components are sold to civil aircraft manufacturers, the major British airlines and many European and international airlines. Henshall galley systems are installed in all British Airways Concordes and L. 1011.
TriStars. Other aircraft fitted with Henshall galley equipment include BAe 146 and Boeing 727 and 737. Galley equipment for the new Boeing 757 is currently in production and Henshall has recently been awarded a contract by British Caledonian to supply galleys for its A310 Airbus fleet.

Fliteform operates from factory premises at Heathrow Airport where it designs and manufactures a range of civil aircraft interior furnishings and equipment. In addition, Fliteform supplies specialist and custom-made products, individually manufactured to meet particular requirements and specifications for private, business and commuter

Principal products are:-

aircraft cabin interiors, narrow bodied aircraft galley units, cabin service centres, on-board aircraft lounge units and in-flight catering equipment.

— overhead storage modules.

- galley catches and attachment fittings, locks and retainers, seat accessories and baby

aircraft floors, bulkheads and bulkhead attachment fittings.

Recent contracts have included first class compartment bar units for Lufthansa in their Bosing 747s and for Gulf Air in their L.1011 TriStars. "Flitelid" overhead storage modules have been fitted in over four hundred civil aircraft throughout the world. Fliteform is the exclusive supplier of galleys to Short Brothers for their SD-330 and SD-360 commuter succraft. A significant part of Fliteform's business consists of providing custom-designed and built interiors for privately owned aircraft and helicopters.

Jecco operates from premises in Bournemouth and designs and supplies soft furnishing and upholstery for aircraft interiors and external protective coverings. Jecco's principal products, supplied to both military and civil aircraft and helicopter manu-

pilot and passenger seat cushions, soundproofing panels and interior trim, mainly for

--- tropical and winter protective covers for aircraft, helicopters, radar ground equipment, aircraft probes and intake blanks and also map and instrument cases. --- survival and dinghy packs, and harness equipment for Martin-Baker ejector seats.

Jecco is the main supplier to Westland Aircraft of soundproofing and soft trim for all its helicopters. Jecco is also a main contractor for the manufacture of weatherproof covers for the Ministry of Defence for such aircraft as Tornado, Harrier, Jaguar and Hawk. In addition, Jecco supplies soft furnishings and trim for Fliteform's custom-built interiors.

Bonded Assemblies operates from factory premises in Cambridge and manufactures lightweight sandwich panels, vacuum-formed plastic components and light-weight bonded assemblies which combine the strength and rigidity of conventional

materials with a considerable weight saving. Bonded Assemblies' products are particularly directed towards applications where it is important to maximise fuel savings by extensive use of lightweight materials. Apart from companies in the aviation iodustry tincluding other companies in the Groups aviation division) Bonded Assemblies' products are supplied for use in radar and other high technology installations, railway coach building and the racing car industry.

Mechanical and electrical contracting Cooks, based in Southampton and Tonbridge, designs, installs and maintains heating, air-conditioning, refrigeration, electrical and fire-protection systems. The most important feature of Cooks' business and reputation is its ability to offer customers complete coverage of these building services within one contract. Among the customers with whom the company has long established relationships are British Telecom, Trusthouse Forte, J. Sainsbury. Tesco and Grand Metropolitan.

Among the contracts recently completed have been works at the new London Metal. Exchange, at the Waldorf Hotel and at a number of telephone exchanges for British

Micro-aire oven manufacture

Mealstream operates from factory premises in Crawley and designs and manufactures the patented range of cooking ovens for commercial use known as "micro-aire" ovens which incorporate both microwave and convection principles. The micro-aire oven cooks faster than a micro-wave oven with, in addition, the improved taste and appearance of food cooked in a conventional oven, thereby overcoming one of the major shortcomings of the normal micro-wave process.

Customers for the micro-aire ovens now include Trusthouse Forte, the Ministry of Defence and British Rail, which has over 150 micro-aire ovens in use on trains including the High Speed Train. Further research has resulted in the recent development of a smaller and cheaper micro-aire oven with, the Directors believe, a broader range of applications in for example small restaurants, public houses and fast-food establishments. A significant volume of Mealstream's business derives from the rental of micro-aire ovens on five year contracts.

Recent developments State Bollers (UK) Limited ("State Boilers"), a recently incorporated subsidiary based in Eastleigh, Hampshire, commenced the importation and distribution of directfired water heaters from the United States in November, 1981. Initial trading experience has been satisfactory and the Directors are hopeful that this activity will make a useful contribution to profits.

MANAGEMENT AND EMPLOYEES Directors

Robert MacDonald-Hall, aged fi6, established the Company in 1970 and is the executive Chairman of the Group. He has had considerable experience in aviation.

Jeffrey Smith, aged 36, is the Group Chief Executive and has been a Director of the Company since its incorporation in 1970. His responsibilities include overall financial management and control.

Caspar MacDonald-Hall, aged 31 is the Group Sales Director and has been with the Company since its incorporation in 1970 and a Director since 1973.

Robert Green, aged 34. is a Chartered Accountant who joined the Company in 1978 from Rothman Pantall & Co., the Joint Auditors. He is the Financial Director and Company Secretary, having been appointed to the Board of the Company in 1982.

John Smith, aged 57, is a Chartered Engineer and has wide experience of design and engineering in the aviation industry. He has been Managing Director and Chief Designer of Fliteform since the company was formed in 1961 and a director of Henshall since 1978. He was appointed to the Board of the Company in 1982.

Each of the Directors is employed under a service agreement, details of which are set out in paragraph 5 of "Statutory and general information" below. Organisation and management

The Board of the Company is responsible for Group policy decisions and the overall Group administrative and management functions. Representatives of the Board of the Company sit on the Boards of all subsidiaries to monitor the progress of each company and to co-ordinate Group strategy.

The day-to-day executive direction of each of the operating subsidiaries is delegated to the management of that subsidiary, which has its own accounting system and forms an independent profit centre. However, either the Group Chief Executive or the Group Sales Director is involved in the tendering for, and negotiation of, all major contracts, and monthly cost statements for each major contract are prepared for the Directors of the Company.

Senior management

The directors of the principal operating subsidiaries, some of whom are employed under fixed term service agreements of five years, and excluding those Directors of the Company who are also subsidiary company directors, are as follows:—

Name	Age	Years of service	Position
HENSHALL G. C. J. Mattingley	46	20	Engineering Director
V. J. Chennel	54	20 20	Technical Director
L.R. Mercer	33	3	Financial Director
FLITEFORM			
G.C.G.Saunders	57	. 21	Works Director
JECCO .			
S. O. McDonald, A.C.I.S., M.B.I.M.	31 62	9	Commercial Director
C. R. Winterton	62	29	Technical Director
Mrs. D. M. Budd	58	24	Personnel Director
BONDED ASSEMBLIES	•		
G. C. J. Mattingley	46		Engineering Director
COOKS			
A.M. Derby	42	.27	Joint Managing Director
D. Richards, A.C.I.MAR.E., M.INST.R., M.A.S.H.R.A.E.			T. 125 1 20 1
S.R.Jelley, M.C.I.B.S.	.55 '39	6 7	Joint Managing Director Technical Director
S. R. Deney, M.C.I.B.S.	33	•	Technical Director
MEALSTREAM			
L.R. Mercer	33	3	Managing Director
G.C.J. Mattingley	46	20	Engineering Director
STATE BOILERS			ALC: U
D.G. Barwood, M.I.B.E., M.INST.FUEL	52	25	Managing Director
D.Binge	34		Sales Director
Employees As at 26th February, 1982 the Group	had 491 e	mployees d	istributed as follows:-

Aviation 400 Mechanical and electrical contracting 70 21 Micro-aire oven manufacture

491 Employees belong to a variety of trade unions; the National Union of Sheet Metal Workers and the Transport and General Workers' Union are mainly represented. With the single exception of the national engineering unions' strike in 1979, there has not been a significant strike within any of the companies of the Group and industrial relations are

Fifty-seven of the employees have had fifteen or more years of service with the Group. Twenty-four of the employees are undergoing training either as apprentices or industrial trainees. Employees are encouraged to attend external courses where appropriate. Each company within the Group has its own salary structure.

Henshall, Fliteform and Mealstream operate insured contributory pension schemes open to all relevant employees with one year's permanent service. Employees of the remaining subsidiaries are contracted into the State Scheme. **GROUP PROPERTIES**

The premises from which the Company and its subsidiaries operate are described in paragraph 3 of "Statutory and general information" below.

Conway Relf, Chartered Surveyors, have carried out a valuation of these premises as at 31st October, 1981 on the basis of open market value. The valuation of the freehold and leasehold properties amounted to £1,129,500 and £15,500 respectively totalling £1,145,000.

The audited accounts as at 31st October, 1981 have been adjusted to incorporate the surplus arising from the revaluation of the freehold properties when compared with book value. No account has been taken of the contingent liability to tax of £230,000 on gains which might arise on the disposal of these properties at valuation.

PROCEEDS OF THE ISSUE Of the 4,000,000 Ordinary shares which are the subject of this Offer for Sale, 500,000 are new Ordinary shares being issued by the Company for cash. The proceeds of the issue of these new shares, after deducting the expenses payable by the Company, will raise approximately £340,000 of additional working capital. The consolidated net tangible assets of the Group, based on the audited consolidated balance sheet at 31st October, 1981 and after adjustment for the net proceeds of the new shares being issued, will be £3.78

Taking into account the net proceeds of the issue and the banking facilities available to the Group, the Directors are of the opinion that the Group has adequate working capital for its present requirements.

PROFIT RECORD AND FORECAST The growth in turnover and profit of the Group over the five years ended 30th April,

mar (as set our in	ine Accountants .	Report Delow) and	the integrate broad	
ending 30th April, 1	982 are summaris	ed below:		Profits
Year to		Turnover		before tox
30th April		£000		£'000
1977		1.777		141
1978		3.057		384
1979		6.234		281
1980		8.090		1,037
1981		10,132	•	1.705
1982 (forecast)				2,200

The acquisition of Henshall and its subsidiaries, completed in September, 1978. called for considerable management time to reduce overheads, increase turnover and restore profitability. However, during the financial year ended 30th April, 1980 the reorganisation and integration of Henshall and its subsidiaries was successfully completed and led to a rapid growth in profits.

For the financial year ended 30th April, 1981 strict management control and the policy of expanding the Group's customer base together produced a full workload and a significant improvement in productivity and productity. In addition, the Group's indebtedness was materially reduced with a consequent saving in interest charges.

These factors have continued into the current financial year and profit and turnover have shown further growth. Based on the profit corned in the half year to 31st October, 1981 and the principal assumption that is set out in the section headed "Profit forecast" below, the Directors forecast that, in the absence of unforeseen circumstances, the Group profit before taxation for the year ending 30th April, 1982 will be not less than £2,200,000.

On the basis of the number of Ordinary shares which will be in issue following this Offerfor Sale, the forecast profit after provision for corporation texat the rate of 52 percent adjusted as if interest at 13 per cent per annum on the net proceeds of the new shares had been received for the whole year, represents earnings per share of 10.26p. At the Offer for Sale price of 140p per share, this implies a price-earnings ratio of 13.6 times. It is estimated that the actual provision for corporation tax will be at the rate of 47 per cent.

The Group has prepared Current Cost Accounts for the six months ended 31st October, 1981. These are set out in the "Accountants' Report" below. The net effect of the current cost operating adjustments and the gearing adjustment is to reduce historical cost profit before tax for this period by 8 per cent.

The Board has not previously recommended the payment of Ordinary dividends. Following the Offer for Sale, and in the absence of unforces circumstances, the Directors intend to recommend for payment in or about September, 1982 a final dividend of 3.85p per share in respect of the year ending 30th April, 1982. This would be the first dividend payable by the Company after the Offer for Sale.

In respect of a full year in which a level of profit similar to that forecast in this document were carned, the Directors would expect to recommend dividends totalling 5.75p per share payable approximately as to one-third as an interim dividend in March and the remainder as a final dividend in September. On the basis therefore of a total dividend of 5.75p per share 'excluding the associated tax credit! dividends would be covered 1.75 times and would represent a gross yield of 5.87 per cent. on the Offer for Sale price of 140p

Mr. J. C. Smith and Mr. C. MacDonald-Hall have waived their entitlement to dividends in respect of the year ending 30th April, 1982 on the shares being retained by them except for a nominal 0.1p per Ordinary share. If they were to waive their dividend entitlement in respect of a full year in which a level of profit similar to that forecast in this document were earned, then on a similar basis to that set out above the dividends paid to other shareholders would be covered 4.46 times.

The Directors believe that within the markets in which the Group operates there is ample opportunity for the Group to expand and to continue the growth in profit achieved in recent years, both by acquisition, where appropriate, and by development of the existing businesses.

The mechanical and electrical contracting division will continue to develop new markets for its services both within the United Kingdom and overseas.

Micro-aire ovens have attracted considerable interest since the launch of the new range in January of this year. The Directors intend to continue to support the product development of the micro-aire oven division so that new markets and applications can be identified and exploited.

The aviation division is expected to continue as the central and most profitable aspect of the Group's future activities. The largest part of the division's activity relates to the civil aircraft market where recent forecasts indicate prospects for a significant expansion in the market for new civil aircraft in the next decade. This expansion, encouraged by demands for fuel economy and noise reduction, is expected to derive partly from the replacement of aircraft and partly from the growth in the market for commuter feederliner aircraft. The remainder of the division's turnover derives from defence spending by Western governments, notably the United Kingdom, the United States and other members of the NATO alliance, which the Directors expect to be sustained.

In recent years particular efforts have been made to widen the scope of the aviation division's business. The number of major customers has been considerably increased, thus generating a greater level of recurring work and spares orders. An increased proportion of civil work now relates to refurbishment of aircraft interiors and the division is well placed to take advantage of the forecast expansion in demand for new aircraft. The order book is at a high level with an export content of 12 per cent. The spread of customers and the relative proportions of new business and repeat orders demonstrate the quality of the aviation division's earnings.

ACCOUNTANTS' REPORT

The following is a copy of a report to the Directors of the Corposity and the Directors of County Bank Limited made by Binder Hamlyn, Chartered Accountants, and Rothman Paniall & Co., Chartered Accountants, the Joint Auditors and Joint Reporting Accountants:—

The Directors, AIM GROUP PLC COUNTY BANK LIMITED

REPORT ON THE AUDITED ACCOUNTS FROM 14 MAY, 1976 TO 31st OCTOBER, 1981

AIM Group PLC ('the Company') was incorporated as F. W. Cook (Mechanical Services) Limited on 13th February, 1970. The Company operates as a holding company harms trunsferred its trading assets and business, which comprised mechanical and electrical contrarting, to a recently incorporated company which has since acquired the name F. W. Cook (Mechanical Services) Limited.

The Company ocquired for each a number of sub-ideanes during the period covered by this report. Some subsidiaries were acquired from certain of the present Directors and their family interests while the remainder was acquired from third parties. Where subsidiaries were expured from certain of the present Directors and their family interests the financial information set out below is presented as if they had been subsidiaries throughout the period. Information concerning the remaining subsidiaries has been included from the dates of their acquisition. Details of subsidiaries acquired from certain of the present Directors and their family interests are as follows:-

L. The C Group Lamited "C Group" was commed on Nath April, 1929 for a cosh consideration of £450,000 and additional consideration of £260,000 conditional upon any of the Company a securities being admitted to listing on any recognited forck Exchange proveto 30th April, 1963. The principal subsidiary of C Group was alolin E. Clarke & Co., 180 urnormath. Lamited On 24th February, 1982. C Group changed its name to John E. Clarke & Co., 180 urnormath. Limited and acquired the business and essets of its subsidiary. 2 Jetseats Lamited Cleiseats's was acquired in November, 1379 for a cash consideration of £50,000.

of £166,000. No artifonal interest cost on the purchase considerations paid to the vendor Directors and their family interests has been included in the financial information set out in this report in respect of periods prior to acquisition by the

Subsidiaries acquired from third parties are as follows:-W. Henshall & Sons: Addlestone' Limited ('Henshall') with its subadiaries, Fliteform Limited ('Fliteform'), Mealstream (UK: Limited and Henshall Bonded Assemblies Limited was acquired as a result of a general offer to its shareholders in May, 1978. Henshall was formerly listed on The Stock Exchange. Fliteform has since acquired the business of its fellow subsidiary detreats which is now dormant.

2. J.D.A. Partners (Bonding Laminators) Limited was acquired in December, 1980.

3. Magnetising Techniques Limited was acquired in May, 1981.

Following a group reorganisation on 5th March, 1982, all trading companies have become direct subsidiaries of the Company with the exception of J.D.A. Partners (Bonding Laminators) Limited and Magnetising Techniques

We have examined the audited accounts of the Company and its subsidiaries (together called "the Group") from its May, 1976 to 31st October, 1981. Rothman Pantall & Co. have been Auditors of the Company and each of its subsidiaries throughout this period except for the periods before acquisition of those subsidiaries purchased from third parties. On 12th March, 1982 Binder Hamlyn were appointed Joint Auditors of the Company and each of its subsidiaries.

The financial information presented below is based on the audited accounts after making such adjustments as we consider appropriate. In our opinion the financial information, which has been prepared under the historical cost convention as modified by the revaluation of freehold properties, gives a true and fair view of the state of affairs of the Company at 31st October, 1931 and of the Stote of the Group for the period is that, 1930 in 31st October, 1931 and of the source and application of funds of the Group for the period is May, 1930 in 31st October, 1931 on a consistent basis.

In our opinion, the abridged supplementary current cost statements for the six-month period ended 31st: October, 1361 have been properly prepared in accordance with the policies and methods described in the notes to give the information required by Statement of Standard Accounting Practice No. 15. No audited accounts of the Company have been prepared since 31st October, 1931.

ACCOUNTING POLICIES

The principal acounting policies, which have been consistently applied in preparing the financial informati in this report, are as follows:-(a) Basis of accounting
The accounts have been prepared under the historical metconvention modified by the revaluation of freshold

The accounts of all subsidiary companies are prepared to the same accounting date as the Company. When companies are acquired the purchase consideration is allocated to the underlying net assets acquired and the difference between the net assets and the purchase consideration is dealt with as capital reserve or goodwill on

(c) Turnover

Turnover, which exclodes value added tax, representa-ii) invoiced sales to third parties for completed work; (ii) movement in work in progress in respect of long term contracts; and (iii) revenue in respect of assets leased to customers.

(d) Stock and work in progress
Stock and work in progress are valued at the lower of cost and net realisable value. Provision is made for obsolescence and for slow-moving items.

The cost of work in progress and finished goods comprises materials, production labour and production overheads appropriate to the state of manufacture. In the case of long term contracts where it is possible to estimate the amount of accrued profits with reuronable certainty the attributable profit is taken into account, but provision is made for any known or anticipated losses in respect thereof. (e) Fixed assets and depreciation

Fixed assets are stated at original cost to the Group less accumulated depreciation, with the exception of freehold properties which were professionally valued as at 31st October, 1981. Depreciation is calculated to write off fixed arrets in equal annual instalments over their estimated useful lives as

Freebold buildings Between 25 and 40 years Leasehold property Motor vehicles 5 years Plant and machinery Furniture and fittings ctween 5 and 13 years Rental assets ž years

(i) Deferred taxation Deferred traction is provided on the liability basis except where the Directors are satisfied that no amount become parable in the foreceepble future.

No provision is made for traction which might be payable in the event of the disposal of freebold properties at the amounts at which they are stated in the accou

(z) Foreign currencies Foreign currency assets and liabilities are translated at rates rolling at the year-end. Profits and losses on the exchange of foreign currencies arising during the year on normal trading transactions are included in cost of sales.

GROUP PROFIT AND LOSS ACCOUNTS
The Group profits for the period under review are as follows:-

							ended
			You	re ended 30th L	reil,		Sint October
	Acres	1977	7978	1973	1950	7981	19R1
and the second	: 1	2000	<u> -1000</u>	£000	€'000	£1003	£7000
Turnover	i	1,777	3,057	6,234	8,090	10.132	5,678
Cost of sales .	2	1.616	2.558	5,792	6,845	8.318	4,549
Operating profits		161	399	443	1,245	1,814	1.129
Interest payable (receivable)	3	30 -	13	161	208	109	(4)
Profits before taxation	1 `	141	384	281	1,037	1,705	1,133 531
Taxation.	4	55	33	90	102	648	531
Retained profits attributable to shareholders	_ •	85	236	131	935	1,057	-602
	1			101		2,001	4306
Earnings per share	5	0.99	3.0p	1.9p	9.Ap	10.6p	6.0p

1977 to 1	MENTS OF NET ASSET stements of net spects of the Co 381 are set out below:-				Character	:		<u> </u>
AND PROT		_						
A:				2978	ACSON ANK.	2941	200	
134;	No.	₩ <u>.</u> _	1977	(144)	- 500	7900	F200	
C000		_	LTM	218	1,466	1.480	184	1
113	Fixed assets	2	201	4.0		-		
1.459	Interest in subsidiaries	7	-				1	$v \in \mathcal{N}_{k}(t)$
_,	Interest in associated		_	50	121			:
_=	company	_	201	3113	1,587	1490	1,644	1.
1,552		_		-7470				والمناسب
	Current assets		-	469	1,515	2.879	2315.	- 9
635	Stock and work in progress	8	401 368	547	1.637	1,315	1.791	- 2
615	Debtors	9	300	L-E				
-	British Government			_		-	فعد ا	7.7
_		10	12	27	5 .	30	8	
64	Cash and bank balances	_	782	1,013	3,250	4,734	4,774	
1,515		_	103	Printers.		4,127	-	
	Current liabilities			-	1,566	2.813	2.334	2
1,104	Creditora	11 12	541	571 159	145	101	-0.5	1.
4	Taxation	12	91	193	140	700	-	44
	Bank overdrafts and		140	100	1.720	1.439	47	
	ionns (secured)		142 -		3,032	4.364	3.068	8
1.106			774	K3(1				
207	Net current usects	_	N	213	218	370	1.061	1
(12)	Deferred taxation	15	୍ (୪୫)	(67)	(98)	1971	(80)	
(12)		14	(36)	1,111	(.764	.(36).	(36)	-
_	THE PERSON SHOWN	13	117	418	1.671	1,717	2,896	•

GROUP STATEMENTS OF SOURCE AND A	PPLICATION OF FUNDS by the year ended 30th April, 1961 and th	e siz mad
ended 31st October, 1981 are as follows:-	Year	C'angel
	ander Joh April	· Sint Qual
	1007	1/8
	2100	
Source of funds Profits before taxation Depreciation	1.705 181	7.1
Generaled from operations Sale of fixed assets	1,866	13
	1571	
Application of funds Purchase of fixed assets	413	
Purchase of subsidiaries Taxation paid	97	
Increase/decrease) in working capital	660	7
Increase decrease in acronag capacie Stock and work in progress Debtors	(874) (37)	3
Creditors	500 575	5
Increase/(decrease) in not liquid funds		1,000
Bank overdrafts Cash and bank balances	(22)	19
British Government securities		

		2977	Yes 1978	rt caded 50ch 1979	April 1980	1981	She thanks
		000.T	£'000	£7000	£1000	-C1800	47000
,	L Analysis of turnover and profits before taxation:-						
•	Purrover						
	Viation	843	1,115	3,705	5,783	6,632	3,338
1	Mechanical and electrical contracting	934	1,941	2,311	1,774	3,988 411	2.108
1	Micro-eire oven manufacture			818	633		
		1,777	3,057	6,234	8,090	10,132	5,679
2	Profits before textition						
	Aviation	. 90	264	306	887	1,637	1.011
3	Mechanical and electrical contracting	. 51	120	91	109	421	206
- 1	Micro-aire oven manufactura		384	381	1,687		1.183
		141	1154	301	1.084	1,705	1-140
•	Cost of sales includes-						
1	Depreciation	.44	47	100	140	. 181	90
	Directors' emoluroents	78	35	28	264	151	108
	Auditors' remuneration	4		30	16	24	200
	Loss on sale of usseciated company Profit on sale of listed investments	_		_ =		(7.9)	
•	Transition sale in asset to As				Acceptance .	-	-
1	Linterest payable comprison						
1	nterest payable	22	1.5	. 161	208	110	
1	less: Interest receivable	· (3)	-		:	<u>(1)</u>	
		26	25	261	208	109	(4)
	L The taxation charge comprisest-						
	Corporation tax at 52 per cent.	. 59	77	.84	102	685	595
ì	Deferred taxation	(4)	. 11	6		(37)	
		55	88	90	102	648	. 531
		-	-	Andreas de la constantia del constantia del constantia del constantia del constantia del constantia del cons	السناشنطينال .		

Enraings per share have been calculated by div the number of Ordinary shares of 10p each in issue Offer for Sale.	iding the immedi	profi ately	t afte belo	r taxa re tha	sale	for each y exiption (ear by	10,000,0	000, being under the
•			- 4	• •					
6. Fixed assets Fixed assets at 31st October, 1981 compaisor-	·		٠٠٠.	• •		Cost or	Dezas	ciolick .	Net book
						£7000	•	£'000.	£ 000
Group									1.130
Freehold properties						1,130	٠.	-	فالإبلسان
Chart learnhald was estimat						73		- 63-	T 15

Group Freehold properties Short leasehold properties Plant, machinery, factures and fittings Motor vehicles Helicopter Rents assets	л.	<i>.</i>	1,130 73- 792 362 104 146	- 63 363 140 91 65	1,130 15 429 242 13
Company Plant, mechinery, fixtures and fittings Motor vehicles			2,633 35 142	722 15 49°	1.910 20 98
			177	64	113

The freehold properties were valued at £1.129,500 by Conway Relf, Chartered Surveyors, as at 31st Octa at open market value on an existing use basis.

Pķ:

- -

7. Interest in subsidiaries
The interest in subsidiary companies at 31st October, 1981 is made up as follows:
Shares at cost, less provisions
Amount owing by subsidiaries
Dividends receivable Less: Amount owing to subsidiaries Details of subsidiary companies at the date of this report, all of which are wholly owned and inc

Date of the properties of the None
W. Henshall & Sons (Addlestone) Limited
Fliteform Limited
John E. Clarke & Co., (Bournemouth) Limited The C Group Limited*
Henshall Bonded Assemblies Limited
J. R. A. Partners t Bonding Laminston
Mealstream (UK! Limited
Magnetising Techniques Limited*
F. W. Cook (Mechanical Services) Limited P. W. Cook (Refrigeration & Air Conditioning) Limited 10th March, 1971 £ 5,050 State Boilers (UK) Limited. 10th July, 1961 £ 1,000 Jetseats Limited 24th May, 1967 £ 10,000 Dos

F. W. Cook (Mechanical Services) Limited, which was incorporated on 24th November, 1961, has acquired the siness and trading assets of the Company with effect from 1st February, 1982.

State Boilers (UK Limited, which was acquired by the Company from certain Directors on 5th Manch, 1982. 8. Stock and work in progress Raw materians Work in progress

Finished goods 9. Debtors
Included in debtors at 31st October, 1981 is an investment in forest land stated at cr. £100,300. The Company has contracted to sell the land for £101,225 to two present Directors. 10. British Government securities urities had a middle market value of £432,000 at 31st October, 1981 and her

IL Creditors
Included in creditors at 31st October, 1981 is an amount of £268,000 which represents addition consideration for the acquisition of C Group on 30th April, 1980. Included in the texation provision at 31st October, 1981 is £535,000 in respect of the prefit for the ser month period to 31st October, 1981 which will not become payable within one year.

13. Share capital and reserves

Movements in share capital and reserves during the period ended 31st October, 1981 were:

			1978	1979	1960	7087	7507
	Revenue reserves	£'000	£000	£7000	£'000	£700	2000
	Brought forward	127	213	509	700	886	1,880
	Retained profit for the period. Transfer to capital reserve on		296	191	935	1.067	602
	acquisition of subsidiaries			_	(749)	(68)	
	Carried forward	213	509	700	886	1,880	-2,480
ĺ	Capital reserves/(goodwill) Brought forward Arising on acquisition of subsidiaries	(112)	(119)	(119)	943	806	600
	Surplus on revaluation of properties		=	1,062	(137)	(101)	20
)	Carried forward	(119)	(119)	943	806	- 100	- 10
	Share capital						
	The Company Subsidiaries prior to acquisition	30	8	20 8	20 5	7	;T 20
		23	28	28	25	20	20
P	Share capital and reserves	117	418	1,671	1,717	2.590	3,465

Financial Times Monday Marci	1 22 1982			
Z TR/F				- · -
		:		
GROUP PLC continued			: ·	
- The state of the				
O- 001 N	• •			
On 30th November, 1981 the authorised share causation of a further 60,000 Ordinary shares of £1 each, On 18th March, 1982 the authorised share capital of the division of the £1. Ordinary shares into 10p Ordinary of tapitalisation of reserves to existing absress believes on two existing Ordinary shares of 10p each, thus increasing Ne dividends were declared or paid by the Compan 14. Mortgage leans Two leans amounting to £36,000, which are repayand on life assurance policies on the lives of two Director 15. Defeared texation	which were maken of if the Company was charses, 9,200,000 C the basis of 23 new (the total number of y during the relevan	y way of capital increased to £ ordinary share ordinary share ordinary share of pariod.	1,250,000. F 1,250,000. F s were allott as of 10p each missord to 1	allowing and by w
The potential deferred texation liabilities and prov		24 1921 pro pot	out heleur.	::.
	Group		Сонтро	ny.
	Potential deferred families. P.	rociaion dele	Potential red bushing	Provis
Scoolerated capital allowances	£'000 . 343	£7000 56	£700	£
flux on capital gains which would arise if freehold properties were realised at their balance sheet values	230			
, , , , , , , , , , , , , , , , , , , ,	578	58	12	
16. Capital commitments Naither the Company nor the Group had any mate 17. Contingent Habilities At 31st October 1981 the Company had given a com to a properly development company. The Group will re- Directors consider that no liability will arise. ABRIDGED SUPPLEMENTARY CURRENT	nter-indepnity for £ ceive a fee in respec	150,000 in res t of this count		
Group current cost profit and loss account for the 6	months ended 31s	t October, 19	81.	
Historical cost profit before interest and transfer		Notes	2000	- £
Current cost operating adjustments Depreciation		2	53	_
Working capital		. 🗓 _		
		٠.		1.0
Gesting adjustment Interest zeceivable less psyable		4	29	
	P.	_		
Currentossiprofit before taxation. Taxation				1,0
Retained corrent cost profit attributable to shareholders	•	7 .		
Current cost carnings per share				- 4
Summarised Group current cost belonce sheet at 31	ist October, 1981		£7000	-CT
Fixed assets Net current assets		2/5		2.4
Working capital Stock and work in progress		3	2,606	
. : Manetory working capital			(43)	
Other current liabilities (net)			2,563 (893)	
				16
Ministrace loans			36	4,1
Deferred taxation	·	_	56	
	_			4.0
Share capital Reterves				
. Current cost reserve		6	680	
Otherreserves	ī	7	3,332	3.9
				4,0

NOTES TO THE CURRENT COST STATEMENTS ing polic

22 1982

mai we had

20 de

olicies ting policies applied in the current cost accounts are those used in the accounts prepared under ting policies applied in the current cost accounts are those used in the accounts prepared under Stock and work in progress is included at current replacement cost as are fixed assets (after deducting

The six months to 31st October, 1981 is the first period for which the Group has prepared current cost accounts and therefore comparative figures are not available.

2. Efficed assets and depreciation
The gross current replacement cost of fined assets has been derived as follows at Sist October, 1931—
Freehold property—Professional valuation
Other fixed assets—Meinly at valuation by the Directors and management; in certain instances Government indices
have been applied to the historical costs. The depreciation adjustment is the difference between depreciation based on the current replacement cost of fixed assets and the depreciation charge based on historical cost.

Tworking capital

This includes stocks, work in progress and trade deblors less trade creditors. In order to allow for the impact of price changes on working capital an adjustment is made to the operating costs calculated on an historical basis. It is based on movements in various Government price indices appropriate to the separate trading activities within the Group.

- t Gearing adjustment.

This reduces the other current cost adjustments in the proportion that not operating assets are financed by

outside borrowings as opposed to share capital and reserves.		
5. Fixed ussets		
With the second water and the second	Graneurent replanment cost Depreciation 2000	Net current replacement cost £'000
Land and buildings Other fixed assets	2000 2000 1,208 63 2,484 1,195 3,692 1,258	1,145 1,289 2,434
6. Movement on current cost reserve	£7000	£*000
Balance at 1st May, 1981 Revaluation surpluses reflecting price changes in the period one— Fixed assets Stock and work in progress	(2	. 557
Corrent cost operating adjustments Gearing adjustment Balance at 31st October 1981		10 r 122 (29) 660
7. Movement on other reserves		-
Balance at 1st May, 1961 Retained current cost profit for the period Arising on acquesition of subsidiary Surplus on revolutation of properties Balance at 31st October, 1981	September 1	£700 2,679 . 509 (5) 249 3,532
Yours faithfully, BINDER HAMLYN, Churtered Accountants	ROTHMANPAN Charter	TALLE CO.

PROFIT FORECAST The principal assumption relating to, and letters on, the profit forecast are as follows:-(2) Principal assumption
The profit forecast of the Group for the year ending 30th April, 1982 takes into account the audited results for the six months ended 31st October, 1981 and subsequent menagement information: the principal assumption in relation to the remainder of the financial year is that there will be no significant disruption to planned production.

(b) Letters
The following are copies of letters relating to the profit forecast for the year ending 30th April, 1982;—

Letter from the Johnt Reporting Accountants
The Directors, AIM Group PLC, Victoria House,
Victoria Street, Northam, Southampton SOLIGZ 18th March, 1982

Gentlemen.

We have reviewed the accounting policies applied and calculations made in preparing the forecast of profit before toustion of AIM Group PLC and its subsidiaries ("the Group") (for which you as Directors, are solely responsible) for the year ending 80th April, 1962, set out in the Offer for Sale dated 18th March, 1962. The profit forecast takes into account the nudited consolidated results of the Group for the six months ended 31st October, 1961. nt management information

In our opinion, the profit forecast, so far as the accombing policies and calculations are concerned, has been parly compiled on the basis of the principal assumption made by you set out in the Offer for Sale dated 18th reb, 1982 and is presented on a basis consistent with the accounting policies normally adopted by the Group. Yours faithfully, BINDER HAMLYN, Chartered Accountants BOTHMANPANTALL&CO.

Letter from County Bank Limited The Directors, AIM Group PLC, Victoria Hou Victorin Street, Northam, Southampton SO11

18th March, 1982

Gentlemen.

We have discussed with you the profit forecast of AIM Group PLC and its subsidiaries for the year ending
30th April, 1962 and the principal assumption on which it is based, set out in the Offer for Sale dated 18th March,
1862. We have also discussed with Binder Hamlyn, and Rothman Pantall & Co. the work that they have dotte in
respect of the forecast as set out in their latter to you dated 18th March, 1862. We consider that the profit forecast (for
which you, as Directors, are solely responsible) has been made after the and careful enquiry.

Yours faithfully.
for COUNTY BANK LIMITED,
S.R.METCALF,

STATUTORY AND GENERAL INFORMATION

1. Share capital of the Company

The Company was incorporated in England as a private company on 13th February, 1970 under the name of

W. Cook (Mechanical Services) Limited. On 5th January, 1962, the Company was re-registered as a public
company and its name was changed to AIM Group FLC on 13th February, 1962.

On 18th March, 1980, the authorised share capital of the Company was 5:20,000, divided into 20,000 Ordinary
shares of 2.1 each, all of which were issued and fully paid. On 30th Novamber, 1980 the authorised share capital was
increased to 2:50,000 by the creation of a further 60,000 Ordinary shares of 2.1 each, which were issued by why of
capitalisation of reserves, on the basis of 3 new Ordinary shares for each existing Ordinary share then held.

By or pursuant to Special Resolutions passed on 18th March, 1862:—

(a) the authorised share capital was increased by £1,170,000 to £1,250,000 by the creation of an additional 11,700,000 Ordinary shares of Mp each;

(b) each existing Ordinary share of £1 each was sub-divided into 10 Ordinary shares of 10p each;

(b) each causing Ordinary shares of 10p each were allotted by way of conitalization of reserves to entating shares of 10p each were allotted by way of conitalization of reserves to entating shares of 10p, on the basis of 23 new Ordinary shares of 10p, (d) the objects of the Company were altered and new Articles of Association were adopted

(d) the objects of the Company were ancrea and new Althest of American were accessor;

(e) the Board was generally and unconditionally authorized, pursuant to Section 14 of the Companies Act 1880, for a period of five years from 18th March, 1982, to allot unissued shares up to a maximum amount of £1,170,000; and the Board was empowered, pursuant to Section 18 of the Companies Act 1980, to allot, pursuant to the authority contained in (c) above, 500,000 new Ordinary shares to County Bank Limited in accordance with the sale and subscription agreement referred to in paragraph 6 below as if Section 17(1) of that Act did not apply. As part of arrangements relieved to in paragraph 7 below for the acquisition by the Company of the whole of the issued share capitals of John E. Clarke & Co., (Bournemouth) Limited (then called The O Group Limited) and F. W. Cook (Refrigeration & Air Conditioning) Limited:

(a) on 30th April, 1980, John E. Clarke & Co., (Bournemouth) Limited issued to fix existing shareholders, Mr. and Mr. C. MacDonald-Hall and Mr. C. MacDonald-Hall, 200 Ordinary shares of £1 each by way of capitalisation

of reserves; and of reserver, and

(b) on 29th April, 1981. R. W. Cook (Refrigeration & Air Conditioning) Limited issued to its existing shareholders,

Mr. J. C. Smith and Mr. C. MacDonald-bioll. 5,000 Ordinary shares of Ip each by way of capitalisation of reserver.

Save as disclosed above:

(a) no share or loan capital of the Company or any subsidiaries has been instead within the two years humediately preceding the date of this Offer for Sale or innow proposed to be issued fully or partly paid, either for each or for a consideration other than each;

(b) no commissions, discounts, brokerages or other special terms have been graphed by the Company or any of its subsidiaries within the said two years in connection with the issue or sale of any share or loan capital of such contrains.

(c) no capital of the Company or any of its substitution is under option or agreed conditionally or uncondition to be put under option.

No material issue of shares of the Company (other than to shareholders pro rate to existing shareholdings) be made within one year of the date of this Office for Sale without the prior approval of the Company in Following this Offer for Sale 2,000,000 Ordinary shares of 10p each of the Company will remain unissued but no issue of such shares which would effectively after the control of the Company will be made without prior approval of the Company in General Meeting.

2. Articles of Association
The Articles of Association of the Company, adopted on 18th March, 1982, contain inter also provisions to the following effects—

Voting rights
Subject to any terms as to voting upon which any abares may in the future be issued, or may for the time
being be held, at any General Meeting every member present shall have one vate on a show of hands and, on a poll,
every member shall have one vote for every 10p nominal amount of share capital of which he is the holder. The
duly authorised representative of a corporate member may exercise the same powers on behalf of that corporation
as it could exercise if it were an individual member. A member is not entitled to whe unless all calls due from him
have been paid or in respect of any shares held by him in relation to which he or any other person has been daily
served with a notice under Section 74 of the Companies Act 1981 (or under other statutory provisions for the time
being in force enabling the Company by notice in writing to require any person to give any information regarding
those shares) and fails to supply the Company with the information thereby required within the period specified
in such notice being not less than 28 days from the date of service of such notice.

Directors Voting rights

Directors

(a) Save as mentioned below, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise then by winne of his interests in shares or debendures of, or otherwise into through, the Company. A Director shall not be counted in the quarum at a meeting in relation to any resolution on which he is debarred from voting.

(b) A Director shall (in the absence of material interests other than those indicated below) be entitled to vote (and be counted in the quarum) in respect of any resolution emocrating any of the following matters, namely:

(i) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;

request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or

indemnity or by the giving of security; (iii) any proposal concerning an office of shares or debendures or other securities of or by the Company or any of its subscription in purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof.

underwriting or sub-underwriting thereof;

(iv) any proposal concerning any other company in which ho is interested, directly or indirectly, and whether as an officer or shareholder or otherwise however, provided that he is not the holder of or beneficially interested in one per cent or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed to be a material interest in all circumstances);

(v) any proposal concerning the adoption, modification or operation of a superamustion fund or retirement benefits scheme under which he may benefit and which has been superved by or is subject to and conditional upon approval by the Board of Inland Revenue for textuion purposes; and

(vi) any arrangement for the benefit of employees of the Company or any of its substituries under which the Director benefits in a similar manner to the employees.

(a) The Company may by Ordinary Resolution in General Meeting suspend or relax the above provisions to any extent or ratify any transaction not duly authorized by reason of a contravention of such provisions.

(d) Unless otherwise determined by Ordinary Resolution the Directors shall not be less than three nor more than twelve in number.

then twelve in number.

(c) A Director shall not be required to held any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at General Meetings.

(i) The Directors (other then those who shall for the time being held an executive office or employment under the Company or any substituty) shall be paid such remmensation for their services as may be determined by the Board save that, unless otherwise approved by the Company in General Meeting, the aggregate amount of such remmensation to all Directors shall not exceed £50,000. Such remmensation shall be doesned to accrue from day to day. The Directors shall also be entitled in be repaid by the Company all such reasonable travelling (including hatel and incidental) expenses as they may incur in attending meetings of the Board, or of committees of the Board, or General Meetings, or which they may otherwise properly incur in or about the business of the Company. Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be prid such enter a remuneration by way of salars, percentage of profits or otherwise as the Board may determine.

(g) The Directors may (by the exhabitshment or maintenance of schemes or otherwise) pay or procure the payor of pensions, annuities, allowances, grountities or other benefits to or for the benefit of past or present. Director employees of the Company or any of its subsidiaries or any company associated with, or any business acquired any of them or to or for the benefit of persons who were related to or dependents of any such Directors or employ. (h) "No person shall be or become incapable of being appointed a Director by reason of his having attained the age of seventy or any other age, nor shall special notice be required in connection with the appointment of such person and no Director shall vacate his office at any time by reason of the fact that he has attained the age of seventy or any other age.

Borrowing powers

The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers exercisable by the Company in relation to its subsidiaries so as to secure (as regards subsidiary companies so far as by such exercise it can secure that the aggregate amount for the time being remaining undischarged of all moneys borrowed by the Company and its subsidiaries (exclusive of intra-group borrowing) shall not exceed, except with the emeant of the Company in General Meeting, an amount equal to twice the aggregate of the Adjusted Capital and Reserves of the Company and its subsidiaries, as defined in the Articles of Association.

The principal properties owned and occupied by the Company and its subsidiaries are as follows:-

Location	Tours	Lease expires	Annual	Floor area (sq.ft.)	Type of occumendation
Abbot Close, Oyster Lene, Byfleet, Surrey	Freehold			38,000	Factory and
38 Woodham Lone, New Haw, Byfleet, Surrey	Freehold			5,180	Factory and
42 Woodham Lane, New Haw, Byfleet, Surrey	Freehold	·	-	4,425	Factory
139/141 Windham Road; · · · Bournemouth	Freehold			9,000	Factory and offices
178/178 Windham Rood, Bournemouth	Freehold			2,320	Workshop
79 Windham Road, Bournemouth	Prochok			2,000	Store
19/21 Bescombe Grove Road, Bournmouth	Preshold	-		1,740	Store
Victoria House, Victoria Street, Northam, Southampton	Leasehold	August, 1994	be reviewed in 1984 and	5,955	Factory and offices
· 179 High Street, Tonbridge, Kent.	Lean-hold	October 1983	£1,100	290	Offices
MIII Works, Mill Crescent, Tombridge, Kent	Lessehold	September, 1983	£3,500	1,100	Workshop a
Unit 2, Fleming Way, Crawley, Susson	Lessehold	March, 2002	27,800 to be reviewed in 1984 and every 3 years thereafter	2,160	Periory
Unit 3, Flaming Way, Gravitay, Susser.	Leasehold (Lease not yet granted)	March, 2002	£8,780 to be reviewed in. 1984 and every 3 years thereafter	2,395	Tactory
Winship Industrial Estate, Cambridge Road, Millan, Cambridge	Lessehold	February, 1993	£17,500 to be reviewed in 1986 (part subjet)	13,500	Factory and offices
Spitfire Road, No. 2 Maintenance Area, Heathing Airport, Houndow, Middlesex	Leasehold	November, 1987	£12.200 to be reviewed in 1983	15,355	Factory and offices
Unit 4. (Note) Tower Industrial Estate, Eastleigh, Hampshire Note: Accoming in March, 1982: not	Lease not (Lease not yet acquired)	March, 2006	£10,044 to be reviewed in 1985	4,250	Factory and offices

Note: Acquired in March, 1962; not included in the valuation prepared by Conway Relf referred to above. Directors and other interests

Upon completion of this Offict for Sale, the interests, all of which are beneficial, of the Directors in the share stal of the Company (auchoring any Ordinary shares which any of the Directors may purchase under this Office Sale) as they will supear in the register maintained under the provisions of the Companies Act 1967, will be

Vanua of Directo Mr. R. MacDonald-Hall 3,250,000 Mr. J.C. Smith Mr. C. MacDoneld Hall Mr. R. A. Green Mr. S. J. Smith 3,250,000

(ii) Save as aforemid, the Directors are not aware of any abarcholding which will, immediately after the completion of this Offer for Sale, represent 5 per cent.or more of the tenued ahare capital of the Company. (iii) Under the terms of the agreements dated 30th April, 1980 and 28th November, 1981 referred to in paragrave below, the Company acquired the whole of the issued share capital of John E. Clarke & Co., (Bournemont Limited (then called The C Group Limited).

(iv) On 5th September, 1980 Mr. J. C. Smith and Mr. C. MacDonald-Hall jointly acquired for a nominal consideration the issued share capital of Bovbourne Limited, a non-trading company whose shares were previously held by the Company and The C Group Limited (then called John E. Clarke & Co., (Bournemouth) Limited). (v) On 29th April, 1981 the Company purchased from Mr. J. C. Smith and Mr. C. MacDonald-Hall the whole of the issued share capital of F. W. Cook (Refriguration & Air Conditioning) Limited This arrangement is summarised in paragraph 7 below.

(vi) With effect from 18th March, 1881 the Company purchased 541 acres of forest land at Auchrobert, Lamarichire for the sum of £97,380. By a Licence dated 14th January, 1982 the Company agreed to lease such land from 18th March, 1961 to Mr. J. C. Smith and Mr. C. MacDonald-Hall for the sum of £3,787 per annum subject to review on 5th March, 1982 the Company confracted to sell the land, with the benefit of the lease, to Mr. J. C. Smith and Mr. C. MacDonald-Hall for the sum of £101,225 with completion of the purchase on 5th April, 1982.

(vii) On 5th March, 1982 the Company acquired the issued share capital of State Bolless (UK) Limited from Mr. J. C. Smith and Mr. C. MacDonald-Hall for the sum of £1,000 in ceah. AT B. C. Sermin and Mr. C. to be desirable the wind the sum of the company has, or has been and apart from four motors which spurchased by certain Directors, no Director of the Company has, or has had, any interest in any assets which, within two years before the dats of this Offer for Sale, have been, or are proposed to be, acquired or disposed of by, or leased to, the Company or any subsidiary, and no contract or arrangement subsidiary which a Director of the Company materially interested and which is algorithmat in relation to the business of the Company and its subsidiaries taken as a whole.

5. Directors' service contracts and emoluments

(i) Mr. R. MacDonald-Liell has entered into a service agreement with the Company to act as Chairman at a fixed annual salary of £25,000 for a period until 19th August, 1985 and thereafter as a consultant to the Group on twelve mentls' notice ampling not earlier than 19th August, 1987. Mr. J. C. Smith and Mr. C. MacDonald-Hall have each entered into sarrives agreements with the Company for a puriod of five years from 11th May, 1980 at annual salaries of £50,000. Mr. R. A. Green has entered into a service agreement with the Company for a period of 5 years from 1st March, 1982 at an annual salary of £15,000. Mr. S. J. Smith has service agreement with Fileform for a period of five years from 1st September, 1978 with current remanaration of £17,500. Save as aforesaid, no Director of the Company has a service agreement with the Company or any of the submittante.

(ii) The aggregate emoluments of the Directors for the year ended 30th April, 1981 amounted to £151,000. It is estimated that the aggregate emoluments of the Directors for the year ending 50th April, 1982 will amount to £220,000.

6. Sale and subscription agreement with County Bank Limited
County Bank Limited ('County Bank') has agreed, subject to the whole of the issued Ordinary shares of the
Company being admitted to the Official List of The Stock Exchange not later than 26th March, 1982, to purchase
1.750,000 Ordinary shares from Mr. J. C. Schittl and 1.750,000 Ordinary shares from Mr. C. MacDonald-Hall and
to subscribe in 500,000 new Ordinary shares to be issued by the Company, all at a price of 140p per share less in
each case a commission of 1½ per cent. Plus Valve Added Tax, and to offer all such shares for sale to the public at
140p per share. The Company will pay the costs, charges and expenses of and incidental to this Offer for Sale,
including the costs of printing, advertising and circulating this Offer for Sale and other documents in competing
therwish, the increase in and reorganisation of the share capital of the Company, the adoption of new Articles
of Association, all legal and accounteaxy Sees, the Register's Isses and expenses, the valuers fee, a fee to the brokers
to the issue, and fees to County Bank (Including a fee and its expenses for acting as Receiving Bankers.) The total
fiest end expenses payable by the Company are estimated to amount to £350,000 excluding Value Added Tax.
County Bank will pay commissions to underwriters of 1½ per cent. (plus Value Added Tax) on the Offer for Sale
price of 140p per share and a commission to the brokers.

7. Material contracts

The following contracts, not being contracts in the ordinary course of business, have been entered into by the Company and its subsidiaries within the two years immediately preceding the date hereof and are, or may be, materials. 7 Material embacts

material:—
(i) Dated 80th April, 1880, 28th November, 1981 and 12th March, 1982 between Mr. R. MacDonald-Hall, Mrs. H.
M. MacDonald-Hall and Mr. C. MacDonald-Hall (as nomines for Mr. R. MacDonald-Hall) (the Vendors') (I)
the Company (2) and Mr. J. C. Smith and Mr. C. MacDonald-Hall (3) being respectively (a) an agreement for
the purchase by the Company of the fessed abere capital of John E. Clarks & Co., (Sournemouth) Limited
(then called The C. Croup Limited) for a cash consideration of 2450,000 paid to the Vendors as to £144,000,
£150,800 and £155,200 respectively; (b) a supplemental ngreement whereby, conditionally upon any of the
Company securities being admitted to listing on any recognised Stock Euchange prior to 30th April, 1983, the
Company would may to the Vendors the sums of £36,750, £38,780 and £32,460 respectively as additional
purchase tries for the above-mentioned charge, and (c) a supplemental agreement modifying the firstmentioned agreement;

Dated 15th April, 1981 between the Company (1) and Fodor Company N.V. (2) being an agreement whereby, in return for a fee, the Company agreed to procure a bank guarantee of £150,000 to secure the prevision of funds to Fodor Company N.V. for the purchase and returbishment of certain properties. The fee is to be paid and the guarantee is to be released no later than Stat December, 1982;

(iii) Dariet 23cf. April; 1961 being two share transfers essential, and times allokaent letters renounced, by Mr. J. C. Smith and Mr. G. MacDonale-Rull respectively in favour of the Company in respect of the company of the whole of the issued share capital of F. W. Cook (Refrigeration & Air Conditioning) Limited for an aggregate cash sum of £165,000; and

(iv) Dated 18th March, 1882 between Mr. J. C. Smith and Mr. C. MacDanald Hall (I), the Directors of the Company (2), the Company (3) and County Bank (4) being the sale and subscription agreement referred to in paragraph 6 above.

S. Taxation The Directors have been advised that immediately following this Offer for Sale, the Company will rease in be a close company as defined in the Income and Corporation There Act 1970. Clearances where relevant have been obtained under paragraph 18, Schedule 16 of the Finance Act 1972 by the Company and its subsidiaries in respect of all completed accounting periods up to 30th April, 1980.

Clearances have been obtained under section 454 of the Income and Corporation Taxes Act 1970 in respect of the capital reconstruction of the Group carried out in preparation for the Office for Sale and in respect of this Office for Sale. Under the agreement referred to in paragraph 6 above, the vender shareholders have given appropriate indemnities in respect of taxation liabilities of the Company and its subsidiants.

9. General

(i) Binder Hamlyn and Rothman Paniall & Co. have given and have not withdrawn their written consents to
the issue of this Office for Sale with the inclusion therein of their report and latter, and the references thereto and
to their names in the form and context in which they are respectively included. County Bank has given and not
withdrawn its written consent to the issue of this Office for Sale with the inclusion therein of its letter and
references thereto and to its mane in the form and context in which they are respectively included. Conway Relf
have given and have not withdrawn their written consent to the issue of tine Office for Sale with the inclusion
therein of the references to their valuation and their name in the form and context in which they are included.

(ii) Moreovert in content of the February Saleshale (ii) No amount is required for any of the matters referred to in paragraph 4 of Part 1 of the Fourth Schedule of the Companies Act 1948.

(iii) Henshall has commenced proceedings for damages in the amount of approximately £176,000 for breach of warranty and misrepresentation against BOC International Limited. The claim arreseout of an agreement dated 7th April, 1978 under which Henshall purchased from BOC International Limited that part of its business which dealt with the manufacture and sale of micro-wave overs together with certain assets relating thereto. So for as the Directors are aware and save as afaresaid, the Company is not engaged in any arbitration or litigation of material importance is pending or threatened against the Company.

(iv) The documents attached to the copies of this Offer for Sole delivered to the Registrar of Companies for registration were the written consents referred to above, the statement of Binder Hemlyn and Rothman Panini & Co. setting out the adjustments made in arriving at the figures contained in their report (as set out herein), and giving the reasons therefor, and copies of the material contracts referred to above.

10. Documents for inspection

The following documents or copies thereof will be available for inspection at the offices of Travers Smith.

Braithwaite & Co., 6 Snow Hill, London ECIA 2AL during normal business hours on any weekday teacheding Saturdays and public helidays) for a period of IA days from the date of publication of this Offer for Sale:

- The Comments of the Contraction of the Contraction of this Offer for Sale:

- The Contraction of this Offer for Sale:

- The Contraction of this Offer for Sale:

- The Contraction of the Contr

(a) the Memorandum and Articles of Association of the Company; (b) the audited consolidated accounts of the Company and its subsidiaries for the two financial years ended.

30th April, 1981, and for the six months ended 31st October, 1981;

(c) the written consents referred to in paragraph 9 above; (d) the written report of Binder Hamlyn and Rothman Pantall & Co. set out above and the statement of adjustments relating thereto referred to in paragraph 9 above;

(e) the valuation of Conway Relf referred to above; (i) the latters relating to the profit forecast set out above;(g) the service agreements referred to in paragraph 5 above.

(h) the material contracts referred to in paragraph 7 above.

Dated 15th March, 1782 PROCEDURE FOR APPLICATION

Applications must be for a minimum of 400 shares and must be made on the forms provided in accordance with the terms thereof, and must be in the following multiples:— Applications for not less than 400 sharps and not more than 1,000 sharps Applications for over 1,000 shares and not mure than 5,000 shares in multiples of 1.000 hares Applications for over 5,000 shares and not more than 20,000 shares Applications for over 20,000 shares and not more than 100,000 shares in multiples of 5,000 shares io multiples of 10,000 shares Applications for over 100,000 shores

Each application must be accompanied by a separate chaque for the full amount payable on application and be forwarded to County Bank Limited, New Issues Department, P.O. Box 79, Drupers Gardens, 12 'three morton Arenne, London EC2P 2BD, so as to arrive not inter than 10 a.m. on Thursday, 25th March, 1822 Chaques, which must be drawn on a bank, or branch thereof, in and be payable in England, Scotland or Wales, ar drawn on a clearing bank branch in the Channel Islands or the Isle of Man, must be made payable to County Bank Limited and crossed. "Not Negotiable? Photostat copies of Application Forms will not be accepted.

"Not Negotiable." Photostat copies of Application Forms will not be accepted.

County Bank Limited reserves the right to present all chaques for puvment on receipt and to retain Letters of Acceptance and excess application mosely pending charance of applicants: cheques Due completion and delivery of an Application Form, accompanied by the necessary cheque, shall constitute an undertaking that the cheque will be honoured on the first presentation; a warranty to that effect is contained in the Application Form. County Bank Limited reserves the right to reject an application in whole or in part and, in particular, to react applications which in its opinion are multiple or suspected multiple applications.

Preferential consideration will be given (up to an aggregate of 400,000 shares) to applications made by employees of the Company (including Directors other than vendor Directors) on the special pank forms available to them. Such applications must be for a minimum of 100 shares or a multiple thereof up to 1,000 shares and applications for over 1,000 shares in multiples as set out above, up to a maximum of 10,000 shares.

Acceptance of applications will be conditional upon the whole of the issued Ordinary share capital of floe Company being admitted to the Official List of The Stock Exchange on or before 28th March, 1982. Moneys good in respect of applications will be returned if such permission is not granted by that date and in the meantine will be retained in a separate bank account. If any application is not accepted, or is accepted for fewer shares than the number applied for, the application moneys or the belance thereof, as the case may be, will be returned by chequa through the post at the applicants risk.

Arrangements have been made for the registration by the Company of the Ordinary shares now being offered for sale, free of stamp duty, in the names of applicants or the persons in whose favour betters of Acceptance have been renounced provided that in cases of renunciation Letters of Acceptance touly completed in accordance with the instructions thereon) are lodged for registration not inter than 14th May, 1882. Share Certificates will be despeiched on 11th Jane, 1982.

Dealings in the Ordinary shares are expected to commence on Thursday, 1st April, 1982. Copies of this Offer for Sale and Application Forms may be obtained from:-

County Bank Limited
11 Old Broad Street, London ECN 1BB.

West Riding House, 67 Albian Street, Leeds LSI 5AA. 86 King Street. Anchester M2 4NR.

1 Randolph Croscent, Edinburgh EH3 77H. New Issues Department, Drapers Gordons, 12 Throgmorton Avenue, London EC2P 2BD. Wellenley House. 37 Waterloo Street,

National Westminster Bank PLC Registrar's Department, 37 Broad Street, Bristol BS99 7NH. Cazenove & Co. ouse Yard, London EC2R 7AN.

Birmingham B25JT

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12 Tokenh

AIM Group PLC Victoria House, Victoria Street, Northam, Southampton SOLIQZ,

-THE APPLICATION LIST WILL OPEN AT 10 A.M. ON TRURSDAY, 26th MARCH, 1982 AND MAY BE CLOSED AT ANY TIME THERRATTER.

OFFER FOR SALE by COUNTY BANK LIMITED

of 4,000,000 Ordinary shares of 10p each at 140p per share payable in full on application

	APPLICAT	TION FORM	
The COUNTY BANK	*Number of shares : for which application is made	Amount of theque enclosed	Applications must be for a minimum of 400 shares and
		£	thereafter in multiples of 100 shares up to 1,000 chares; thereafter in multiples of 500 shares up to 5,000 shares;
application for the state; that number of shares. We agree to accep application may be accep the Company and to the s 18th March, 1862. I've	ne for the above-mentioned sum, be number of Ordinary shares and I/v t such shares or any smaller num- pled subject to the Memorandum mereral terms and conditions contain request that, you issue to merisa	re hereby opply to purchase ser in respect of which this ad Articles of Association of dd in the Offer for Sale dated to renounceable Letter of	thereafter in multiples of 1,000 shares up to 20,000 shares mad thereafter in multiples of 5,000 shares up to 100,000 shares. Applications in excess of 100,000 shares multiples of 10,000 shares. POR OFFICE USE ONLY
you to send such Letter by post at mylour, risk to I/We war rant that; and acknowledge tha I/We also acknowledge	per of shares or such smaller number of Acceptance, together with a cheq the address (first, given below. he accompanying cheque will be to any allowment to me is strictly to that the Letters of Acceptant y he held pending clourages of a March 1982.	se for any amount overpaid poid on first presentation on that understanding. on and chestes for any	Acceptance No. Number of chares accepted
	(D Dimit Signature		1 1 1 2
	ete under hand by a duly authorised	officer who should state his	Amount received on application.
			Amount psychle
		All Christian Names or Forenames Surname (State	£
· ,		Mr., Mrs., Miss or Title) Address in fall (including postcode)	Amount returned
			1

case JOINT APPLICANTS (if any). (All joint applicants must sign). mounts due on a Our Mrs. Miss or Title) Number of relinery show applied for 560 700 810

400 500 600 700 800 7,000 1,000 2,000 2,000 4,000 5,000 - Mrs. Mics or Title Address in full (including £ 28,000 £ 70,000 £140,000 20,000

(Mr., Mrs., Miss or Title)

.

than 10 a.m. on Thursday, 25th Merch, 1962.

3. No receipt will be issued for the amount paid on application but an acknowledgement will renomnously the Letter of Acceptance timpother, if applicable, with a cheque for any amount overned the unst of a cheque for the amount paid on application, in each case at the risk of the applicant.

Bolt-on method for production lines

A REMARKABLY comprehen-sive flexible automated assembly system developed by Stuttgart, enabling virtually any size of manufac-turing company to make a start in this field is to be manu-factured and marketed in the UK, the Irish Republic and South Africa by Marwin Production Machines of Wolver-

barapton (0902 65363). The system has been progressively developed by Bosch over several years and is widely used in its own plants to assemble automative and consumer products. A modular

stide module suoke 0-800 mm

stide module

stroke 0-1200 mm

approach has been taken, with many standard items that can be assembled into a production employed a line costing from £300 to in excess of £2m.

Companies starting in a small way can easily add work-stations, manual or automatic, at a later date and none of the existing elements will become redundant.

Fundamental to the Bosch design is a constructional framework system that can meet any dimensional require-ment and which can be broken down and reconfigured with great case.

atuminium extrusions are employed and the appropriate lengths are just cut off and holled together with gussets and other joiners.

Double nylon belt palletcarrying transportation systems (giving good pallet access (giving good pallet access from above or below) have also been developed, with robust pallet identification systems than can he read by the control

computers. Beyond this, however, Bosch has developed its own special servodrive uoits, several kinds of linear robots, drive and

Isoon to be upgraded to 25 kg), using a variety of pallet/ conveyor widths.

All compatible Complete transfer systems to aring the assembly on its pallet to the right place at the right for about 40 per cent of the time have been devised and in wage bill. most of Bosch's own manual station applications buffer systems are iocorporated so that operators are not forced to work at fixed line speeds. Several of the Bosch lines are com-pletely automatic, with few per-

division, about 80 per cent of alt mechanically assembled

products have an envelope less than 200 x 200 x 200 mm and

weigh less than 5 kg, containing

The new system can deal with a component of 300 x 300

x 300 mor, weighing 15 kg

less than 20 components.

Using electric or pneumatic actuators, a variety of handling and feeding facilities can be provided — magazines, chates, bowl feeders, inclined feeders, even robots—to feed joining processes that include presses. screw runners, rivets and welders.

Because these are all compatible in fixiog/installation terms. is possible to modify any line quickly for the number of assembly points and degrees of automation, in line with chang-

ing production requirements.

The simplest unit is a mecbanised manual workstation, for assembly at a single point. Beyond that, a semi-automatic system with conveyor imultiple assembly points) can be contemplated which later could become fully automatic.

Similarly, and by employing single-point assembly unit can he constructed which could point arrangement with the ing unemployment."

tackled the computers and pro-grammable controllers in-

mann a sales executive of the components and makes these mann a sales executive of the Bosch industrial equipment which managing director division, about 80 ner control industrial equipment division will be an increasing demand as world manufacturing conditions change.

He emphasises that because

widespread industrialiaation in previously non-industrial countries, both markets and production life cycles are becoming smaller, complexity is increasing and markets have to be exploited at short notice with the high-quality products that are demanded nowadays.

Meanwhile, labour costs are sing—and it has to be remembered that assembly accounts

Widl hints that Bosch. prime component supplier to Europe's car makers, has been largely driven to flexible manufacturing systems.
"Often," he said, "we don't

know what next year's products
will be like—so there is a great need for re-useable machinery. This, be believes, is becoming truer by the minute for many other manufacturers as well. Stocks, too, must be kept lower to cut tied-up money.

Inevitably, believes Widl, production runs will become smaller, directly implying the nced for flexible manufacturing systems of all kinds—although for the time being the company is steering clear of metal removal, preferring to put the assembly problem first.

National goal

The position bas to be, claims Widl, that if any company in a particular market automates, the others will have to follow

in order to remain competitive. Flexible, automated plant is a national goal in Japan and the Bosch robols, a complex, there is obvious evidence that single-point assembly unit can it will increasingly set up "home-grown" plants in many later be extended to a multi- other countries-" thus export

Pianolas in modern electronic style

BY ELAINE WILLIAMS

AUTOMATIC plane players, pianolas, were once popular among middle-class families wno felt the need for a plano hut lacked the musical talent

to play well.

Though the technology of planes bas changed little, a U.S. company has developed an electronic version of the

automatic system which can he fitted to any ordinary

> At £1,500 to fit the system. Markson Planns. London, which markets the Pianocorder, does not see it as simply a rich man's toy. It could he used, for example. to play during the interval hetween live music in pubs and clubs.

Instead of storing the note sequence as holes on punched mechanical versions, the music is recorded digitally on an ordinary audio cassette. These signals are inter-

preted by the electronic circuit to activate solenoids fitted near to each plano key and the pedals. When activated each solenoid copies the action of the human

The digital recording system allows the plano to he played with the same expression as the original performance.

So far a library of more than 3,000 cassettes is available which range from classical, or jazz to modern

Bristol Crusader at £25,000

THE Avon Crusader 3, a three axis CNC milling machine, has been introduced by Avon Machines International

Costing about £25,000, the machine has been designed to use the Anilam Crusader CNC system with MDI programming The three horsepower spindle motor offers two infinitely vari able speed ranges-60-500 rev/ mio and 500-1,000 rev/mio,

Traverses are 712 mm on the x axis, 356 mm on the y and 127 mm on the z. Feed rates on all axes are programmable between 1 and 2100 mm/min. The machine will traverse at 5 m/min in all axes simultaneously.

Memory capacity of the control system is 500 data blocks. Facilities include linear and circular interpolation mirror image machining, tool length and radius compensation and feedrate override of 0-120 per cent.
Avon Machines is at Union

Road, St. Philips, Bristol (027) 2778621.

From Sweden

NOW available in Britain is speed grinding machine. Tur-bine driven, the machine has exchangeable collets for various locks, an operating speed up to S0.000 rpm with a precision balanced spindle. More on 01-636 2361.



The Magnascan scanner series.

Optical scanner for composition

CROSFIELD ELECTRONICS, three levels—the 820, 840 and specialist in advanced printing technology, has built on its experience with its Queen's Award winning colour separation machine to faunch a new series of page composition devices, the Studio 800.

What Crosfield has done is to develop machines which shorten the awkward and time-consuming business of prepar-ing colour printing blocks from

Rather than using conventional filters to separate out the
three primary printing colours,
and resizing as standard. the Magnascan 570—the award winner—uses optical scanning of the images can be provided techniques and stores the results as digits.

The new family comprises

Long term digital storage of the images can be provided on tape. More from Crossield on 01-212 7766,

figuratio

number of image adjustments and colour retouching. Top of the line 860 offers

Long term digital storage

as levels of capability rather than specific hardware con-

The first, the 820 is an

The 840 has a colour monitor

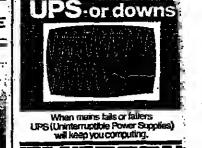
uses planning films to position

and special software (computer

the scanned images

instructions) which

nced Magnascan 570; this



The piggy back chip

MUCROCHIPS have chips upon their hacks to byte om. And little chips bave smaller chips and so on ad infinitum," as the poet might have said.

Hitachi's latest device con-

ures up whole new ways of huilding microcomputers. It is a microcomputer on a chip plugged in piggy back fashion. The HD 68PO1 is an eight bit. 6800 compatible device containing 128 bytes of fast access memory on the chip, together with a serial communications interface, three function 16 bit

timer and 29 input/output Plug a 2K, 4K or 8K ultra violet light eraseable electrically programme read only memory (EPROM) into its back and you have a complete

microcomputer system. Crossield on Hitachi can explain more about its tall, thin micro-ALAN CANE computers on 01-861 1414.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Tittle
Current	London Fashion Exhibition (01-385 1200) (until Mar 26)
Mar 25-26	Mar 26) Wine Fair (0734 481713)
Mar 25-Apr 2	Metalworking 'S2 Exhibition (0737 68611) and International Metalcutting Machine Tools Exhibition (01-402 6671)
Mar 28-Apr 1	British Exhibition of Fine Jewellery and Sterling Silver (01-493 7628)
Mar 29-Apr 1	Audio Visual Exhibition (01-688 7788)
Mar 31-Apr 2	Fashion Fabrex Exhibition (01-385 1200)
Apr 5-7	Concrete Society Exhibition and Conference (01-730 8252)
Apr 7-14	Birmingham Motor Show (0602 51202)
Apr 9-18	International Motorcycle Show (0203 274271
Apr 18-19	British Pet Industry Exhibition (0223 38656)
Apr 19-23	International Fire Security and Safety Exhibition —IFSSEC (01-388 7661)
Apr 20-22	AH Electronics Show (0799 22612)
Apr 22-24	International Property Exhibition (01-499 8311)
Apr 22-May 3	International Ideal Homes Exhibition (021-705
Apr 23-25	Computer Fair (01-643 8040)

Olympia New Horticultural Hall,

NEC, Birmingham

Goldsmith's Hall, London Wembley Conf. Centre Olympia

Met. Exbn. Hall, Brighton Bingley Hall NEC, Birmingham

Barbican Centre Cumberland Hotel, W.1

NEC, Birmingham Earls Court

OVERSEAS TRADE FAIRS AND EXHIBITIONS

O V JALOUL	TYPE TRANSPORT T TETERED TYPE AT	
Curreot	Woodworking Machinery Exhibition (91-439 3964)	Paris
Current	Petroleum Show (01-486 1961) (until Mar 26) Middle East Business Equipment Snow (01-486	Peking
Mar 23	1951) (until Mar 25) Invitational Computer Conference and Exhibition	Bahrain
	(01-994 6477).	Frankfurt
Mar 23-27	International Energy and Engineering Trade Fair (01-236 0911)	Stuttgart
Mar 25-28	The Fourth International Travel Fair—TRAVEL S2 (021-705 6707)	Singapore
Apr 6-9	First International Energy Technology Exhibition (01-839 5041)	Tokyo
Apr 14-23 Apr 15-24	National Mechanics Trade Fair (01486 8686) International Electronic Packaging and Production	Sao Paulo
api 10-21	Equipment Exhibition - INTERNEPCON	Peking
Apr 20-25	(0483 38085) International Building Exhibition—FINNBUILD	_
Apr 22-26	(01-486 1951) International Carpet, Wallpapers, Wall Coverings	Helsinki
	and Furnishing Textiles Exhibition—PARITEX (01-439 3964)	Paris
pr 25-29	Agricultural Industry Exhibition—SAUDI-AGRI- CULTURE (01-486 1951)	Riyadh
'	4	,

BUSINESS AND MANAGEMENT CONFERENCES

Mar 22	Oyez-IBC: European Symposium on the Candu
	Reactor (01-242 2481)
Mar 23	IPS: Currency Differentials (0990 23711)
Mar 24	CB1: Business Realities—Are We Understood?
Mar 25-27	The Institute of Administrative Management: Administrators of the Future (01-658 0171)
Mar 25-26	DRI Europe: After the Recovery: Planning for Renewed Growth (01-222 9571)
Mar 25-26	The American Chamber of Commerce (United Kingdom): Operating in British Industry—An
	In-Depth Briefing for Senior American Execu- tives (01-370 3176)
Mar 26	Dun and Bradstreet: Understanding Credit and Collections (01-247 4377)
Mar 29-Apr 2	RRG Conferences: Reinsurance Practice (01-236 2175)
Apr 4-7	University of Leeds: Freight Transport Policy— The Role of New Technology (0532 35036)
Apr 6-7	Lioyd's of London Press: Ship Finance (01-730 2182)
Apr 7	The Henley School of Forecasting: Corporate Plans after the Budget (01-353 9961)
Mar 20-24	International Council of Shopping Centres: European conference on Downtown Shopping
Мат 23	Centres (0734 \$61101) British Institute of Energy Economics: Energy Conservation in Industry—the Anglo Swedish
	Experience (01-930 2233)
Mar 23	Institute of Directors annual convention 10t-839 1233)
Mar 30-Apr 2	

Anyone wishing to ultend ony of the above events is advised to telephone the organisers to ensure that there has been no change in the details published:

9 St James's Square, SW1 Royal Albert Hall, WS

Portman Hotel, WI Midland Hotel, Manchester

Centre Point, WC1

Waldorf Hotel, WC1

Dorchester Hotel, Wi

Ryl. Westminster Hotel, SW1

London Press Centre, EC4

Cafe Royal, WI

Bournemonth

Financial Times Conferences

GOLD AND THE INTERNATIONAL MONETARY SYSTEM.

Montreux — May 11 and 12, 1982
The FT Gold Conference in Montreux will have as its principal theme the role of gold in the international monetary system. The FT is pleased to announce that Dr Glovanni Magnifico of the Banca d'Italia will address the conference oo "The Official Role of Gold." THE ECONOMICS OF NATURAL GAS DEVELOPMENT Venice -- June 21 and 22, 1982

Vehice — June 21 Mau 22, 1902 An important FT energy seminar is to be held in Venice immediately following the IGA meeting in Lausanne. Co-spoosored by Jensen Associates of Bostoo, the meeting will stress in particular the future for gas in developing countries. Details will be available early in April.

PORTUGAL - A NEW OUTLOOK Lisbon - June 21 and 22, 1982

H.E. Dr Francisco Pinto Balsemao, the Portuguese Prime Minister, will open this international forum to be sponsored by the Financial Times and the Instituto Do Investimento Estrangeiro. Major addresses will also be given by H.E. Dr Leonardo Mathias, Secretary of State for Foreign Affairs, and H.E. Eng. Ricardo Bayão Horta, Minister for Industry, Energy and Exports.

The second of the second secon

All enquiries should be addressed to: The Financial Times Limited Conference Organisation Minster House, Arthur Street London ECAR 9AX

Tel: 01-621 1355 Telex: 27347 FTCONF G Cables: FINCONF LONDON

INSURANCE

Uneconomic premiums come under attack

BY JOHN MOORE, CITY CORRESPONDENT

FOR THE last four years estab-lished underwriters have con-demned the extent to which demned the extent to which aggressive competitors have cut lisurance premium rates to what they consider to be un-

While they may be con-cerned, there is, however, little they can do to stop the trend. Insurance is a cyclical business and when too many insurers. with too much capacity, chase business volumes which are not growing at the same rate as capacity, then premium rates fall. In the insurance world the trend is exaggerated when interest rates rise. With interest rates at historically high levels, insurers who are not making a prafit on their underwriting can produce an ultimate profit through shrewd

Established insurers are unhappy with this trend. They scathed although present estiare forced to follow the rates mutes of total losses run at which the less responsible end need for greater disdown to maintain their market \$450m (£250m). Many underof the market is using the high the London market

bealthy.

Buill from standard components, this three station assembly line shows (top) how mapual

stations with nuffers (to ohviate the need for operators to work at precisely line speed) can

he used in conjunction with a completely automatic station. One of Bosch's more advanced concepts is this four-axis rahotle unit (lower diagram). The vertical head (with grippers at the holtom) has up and down motion and moves from front to back on a gantry which slides

from left to right. Thus the head can cover the whole base area of the unit, picking and

placing items from verious howl feeders or other inputs. The vertical head is shown in the assembling position, where the rotational motion of the grippers can be seen.

At all insurers' conventions In spite of huge losses, the there is widespread condemna- Lloyd's market has managed to are putting pressure on insur- that the market is prepared in

aoce rales. maintain its profits at around writing loss. record levels in spite of the competition, although there are left the market relatively un-

2 tis 4

rotation angle

vorkpiece carrier

of loss reinsurance.

down, to what extent are they signs that it is losing market falling? The question was share. Computer leasing losses, answered at a recent conference one of the largest series of is London by Mr Michael Payne, claims in the markel's history, a Lloyd's underwriter. He gave several examples to

interest rates. They may not be making as much profit as they have caused problems for turer producing ethical drugs would like but at least their Lloyd's mainly hecause losses on a large scale placed a faculoverall account can be main materialised as a block of tative reinsurance in the Lontained in reasonable balance at claims and the market was not don market at a tenth of the a time when the market is unsufficiently protected by excess previous rates required for pro-

tion of the activities of what is declare an underlying underoften mentioned as a "lunatic writing profit since the midfringe" of new competitors who 1960s. And there are few sizes follow rates down sufficiently Lloyd's of London manages to to declare an overall under-

orevious rates required for products liability. A heavy industrial engineer

ing group in Australia with a turnover of A811001 [£65m] managed to arrange a package liability cover in Looden for a premium of A\$80,000, which was fully supported. Mr. Payne said: "Time and

again we are faced with an But if rates are still going unreal cut of 50 per cent or more in last year's premium frequently from a competitive market comparatively new to the scene but which the broker is prepared to support provided that the security is satisfactory." He argued that there is a

This week's business in Commons and Lords

Commons: Mental Health (Ameniment) Bill, reading. Proceedings on the Agricultural Training Board Bill and the Industrial Training

Lords: Travel Convessions

(London) Bill, report. Coal in-

dustry Bill, second reading. Taking of Hostages Bill, third reading. Wages Councils (Abolition) Bill, second reading. Decate on hard drug taking by the young in major cities. Select Committee — Public Accounts — subject: Financial control and accountability in the National Health Service. Witnesses: Sir Kenneth Stowe. KCB. Department of Health and

Social Security: Mr A. L. Rennic, CB. Scottish Hume and

Health Department: Mr T. P. Hughes, CB. Welsh Office.

(Room 16, 4.45 por.) WORROWOT Commons: Social Security and Housing Benefits Bill, remaining stages. Motions on the Social Security Class 1 Contributions Order, and on the State Scheme Premiums Order. Lords: Canada Bill, commit-tec. Preventinn of Terrorism (Temporary Provisions) 1976 (Continuance) motion for approval. Orner.

Sclect Committees: Environ- and Securicor, (Room 16, 10.20) Health meet — subject: the time into am.) second the methods of financing local government in the context of Association of County Councils and Professor C. Foster. (Room

University Grants Committee cuts and medical services. Witnesses: Rt Hon Sir Keith scrutiny of Welsh Office departments. Witnesses: Welsh Office departments. Witnesses: Welsh Office Bi. MP, Secretary of State for Education and Science and Mr Kenneth Clark, QC, MP, Migister of State for Health. (Room 2t. 5.30 pm.) WEDNESDAY

Room 2t. 5.30 pm.)

WEDNESDAY

Commons: Civil Jurisdiction and Judgments Bill, second eading. Debate on the CAP rice Proposals for 1982-83 consuced in European document (No. Scheef and No. Scheef and N reading. Debate on the CAP Price Proposals for 1982-83 contaiged in European document

Scottish Affairs - subject : rural road nussenger transport the Government's green paper and ferries. Wilnesses: Mr. (Command 8449). Wilnesses: Malcolm Rifkind, MP. Parliamentary Under-Secretary of State for Scotland and officials 5, 4.00 pm.)

Social Services — subject: Departmen: (Room 5, 10.30 am).

> Health and Social Work Group (Room 18, 10.30 am). Education, Science and Arts

4624/82. Mution on the Indus-trial Relations tNorthern KCB, Department of Health and Irelandi Order. Rennie, CB, Scottish Home and Lords: debale on increase in Health Department Mr. T. P.

Ireland Order.

Lords: debale on increase in crime and the problems involved in the maintenance of law and order, and the need to strengthen and support the police.

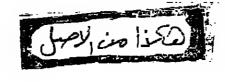
Select Committees—Industry and Trade — subject: the Post Office. Witnessee: Post Office discrimination and the promotion of committee; Private in employment. Witnessee: Mr. Sector Commetters: Association David Lane, chairman, Committee. Sector Competitors: Association David Lane, chairman, Commis-uf International Air Couriers, sion for Racial Equality (From

Social Services — subject: age of retirement, Witnesses: Department of Health and Social Services and Government Actuary, Room 21, 4,15 pm), Treasury and Civil Service Committee - subject : the 1982 Budget and the Government's emendature plans 1982-80 and 1984-55. Witnesses: The Rt Hon Sir Geoffrey Howe, QC, MP. Chancellor of the Exchequer (Room 15, 4.30 pm).

Joint Committee on Consofi-dation and Bills: to consider the Civil Aviation Bill (Lords). he draft Land Compensation (Northern Ireland) Order 1982 and the draft Criminal Evidence (Northern treland) Order 1982. THURSDAY Commons : Debate on law and

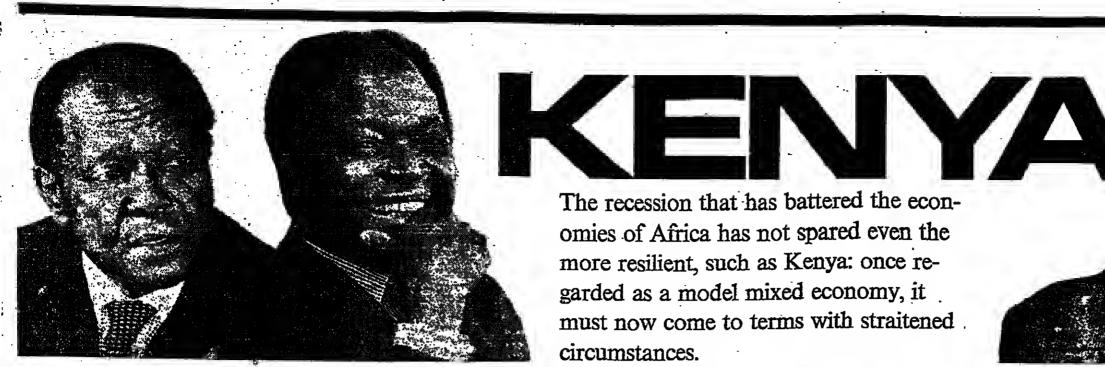
Lords: Canada Bill, third reading. Travel Convessions (London) Bill, third reading. Dissemination of Porongraphy Bill, second reading. Salioon Figures (Protection) (Scot-fand) Bill report. Debate on the Government's intention to establish a bunker at Naphill. Buchinghamshire, on National

FTJDAY Commons: Private Members'



FINANCIAL TIMES SURVEY

Monday, March 22, 1982



The recession that has battered the economies of Africa has not spared even the more resilient, such as Kenya: once regarded as a model mixed economy, it must now come to terms with straitened circumstances.

High standards face a critical test

THE MOOD in Kenya is changing as economic problems take their toll. The painful adjustment to what the Government warned two years ago would be a "time of austerity" is which they had been largely the excluded by President Kenyan life, from commodity prices and rising which they had been largely the prices. He has to preside the excluded by President Kenyan life, from commodity prices and rising which they had been largely the prices. He has to preside the excluded by President Kenyan life, from commodity prices and rising the excluded by President Kenyan life, from commodity prices and rising the excluded by President Kenyan life, from commodity prices and rising the excluded by President Kenyan life, from commodity prices and rising the excluded by President Kenyan life, from commodity prices and rising the excluded by President Kenyan life, from commodity prices and rising the excluded by President Kenyan life, from commodity prices and rising the excluded by President Kenyan life, from commodity prices and rising the excluded by President Kenyan life, from commodity prices and rising the excluded by President Kenyan life, from commodity prices and rising the excluded by President Kenyan life, from commodity prices and rising the excluded by President Kenyan life, from commodity prices and rising the excluded by President Kenyan life, from commodity prices and rising the excluded by President Kenyan life, from commodity prices and rising the excluded by President Kenyan life, from commodity prices and rising the excluded by President Kenyan life, from commodity prices and rising the excluded by President Kenyan life, from commodity prices and rising the excluded by President Kenyan life, from commodity prices and rising the excluded by President Kenyan life, from commodity prices and rising the excluded by President Kenyan life, from commodity prices and rising the excluded by President Kenyan life, from commodity prices and rising the excluded by President Kenyan life, from commodity prices and rising the e under way, and inevitably the process provides political capital for government critics, and puts those in power on their

The downturn in the economy bas eroded the standard of living of most of Kenya's 17m people and no relief is in sight Politicians appear preoccupied by the rivalry of two leading ministers which has little to do with how Kenya should tackle its growing economic and social problems, and everything to do with power and personality. Government handling of Oppo-sition, real or imagined, often smacks of the heavy handed or

President Daniel arap Moi that the coffee and tea boom of skilfully guided the country through the potentially danwindfall postponed the impact of balance of payments deficits, after the death of President dwindling foreign exchange Jomo Kenyatta in August 1978. reserves, and the inebility of His "Nyayo" slogan (literally the economy to maintain the 'The party gives the impres"footsteps") implied continuity extraordinary growth rates of sion that it has not changed
and stability. He released all the first decade of indepen-over the past two-and-a-half

MITHIEFF

President Moi also introduced populist measuresincluding free school milk and abolition of primary school fees —and he pledged an end to

More recently, his role as Chairman of the Organisation of African Unity (OAU) has given the President an interna-tional role in which he has won respect, despite the difficulties divisions within the

organisation
The honeymoon is over, however. Jomo Kenyatta, who contributed little to the dayto-day running of government in his final years, was fortunate that the coffee and tea boom of

It is now Mr Mol who has to

the economy of the interna-tional recession, sluggish commodity prices and rising fuel prices. He has to preside over a steady decline in per capita income due in part to a 4 per cent annual growth in a population for 85 per cent of whom the land must provide a living. Yet 80 per cent of that land is arid or semi-arid; smallboldings are being subdivided beyond viable levels; land

hunger is increasing.
There are few new jobs in the cities-formal employment rose only 2.5 per cent in 1981. Earnings—the minimum urban wage is 450 Shillings a month (£23.40)—are eroded by inflation officially put at 13 per cent last year, and still rising.

If the consequences of failure to adjust to changing economic

conditions are part of the Kenyatta legacy, the former President also left behind a party—the Kenya African National Union (KANU) which had become ossified, intolerant and inflexible.

Under Mr Kenyatta, KANU

national executive elections, supposed to be held every two years, were rare events. The last under his reign was in the late 1960s. The next took place in 1978, after his death, when KANU had formally to elect a President—who, under the KANU constitution, would be the party's sale candidate in

There have been no KANU elections since. Last year Mr Moi explained that much of his time was taken up by OAU affairs. KANU elections were therefore postponed and there is a possibility that they will be held towards the end of this year, or early in 1983.

the general elections in 1979.

The prospect is fuelling the rivalry between the two most powerful puliticians next to President Mui: Mr Mwai Kibaki, the Vice-President, and Mr Charles Nionio, the Minister of Constitutional Affairs, Both were involved in a Cabinet reshuffle last month: Mr Kibaki relinquishing the Finance port-folio he had held for 13 years, in turn taking over Home Affairs from Mr Njono, who re-

CONTENTS

Economy: growth cut

Agriculture: slow pros-

pects for foed self-

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sufficiency II

issues are spotlighted ... III

How to invest in Kenya III

have lost ground in the re-shuffle—an apparent rebuke from the President — most observers believe that Mr Njonjo was the winner: Mr Arthur Magugu, who moved into Mr Kloaki's Finance Mini-

stry, is widely regarded as a Nonin supporter.

The dispute—in British terms it might be seen as the Bow Group versus the Monday Club fighting for the soul of the Conservative Party—has been going on for some years. But it is a contest which could seriously damage the Kenyan body politic, if it came to a head over the office of vice-president of KANU.

The vice-president of the ruling party automatically becomes the vice-president of the country, and this would appear to be Mr Njonjo's ambition. Both men are Kikuyus, mem-

bers of different and rival clans. But perhaps the most important difference between the congenial Mr Kibaki, a London School of Economics graduate

Tourism: hopes for an end to world recession ... III by payments squeeze ... II

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Businessman's guide ... IV Trade: Britain is losing

winds for foreigners IV

chillier

ruthless—lawyer by training, involves the character of KANU.

tions, it tends to use Tammany Mr Odinga again hit the head-Hall tactics when by-elections lines with an nutspoken attack come around. KANU has the on Government. "Mass unempower tn veto Parliamentary candidates and few critics slip through that net. Those that do have to watch their step.

According to local politicians, Mr Kibaki believes that if Kenya is to be a de facto one party state—the constitution allows for Opposition parties—KANU should be capable of himilian and the capable of bringing a wide range of views into the fold. Mr Njonjn is said to be less amenable in those who do not toe a strict anti-Communist, mixed economy line, although KANU's consti-tution talks of the party being founded upon the concept of African Socialism."

Where does this leave Mr Oginga Odinga, former vicepresident, who in his starmy political career was detained for three years by President

Kenyatta?
. When Mr Moi began his rapprochement with the Luo, Mr leader, played a key role. It was signalled by his appointment as chairman of the Cotton Marketing Board.

The next step was for Mr Odinga to re-enter Parliament, and a sympathetic MP stepped down. The Luo leader seemed set for an easy by-election vic-

tained the Ministry of Constitu-tional Affairs. Who was highly respected as tory when, in a speech at the Minister of Finance, and Mr coast last year, be described Nionjo, the former Attorney the late President Kenyatta as have lost ground in the re-have lost ground in the rebarred from standing.

His supporters acknowledge Aside from its failure to ex-pose its officers to regular elec-mistake. But after a few months ployment, low wages, soaring prices, shortages of food," he said last month, were caused not hy high oil prices or the Western recession but by "corruption, misuse of nur foreign

exchange, importation of luxury goods, poor planning ." Some of Mr Odinga's supporters advocate the formation of an Opposition Party. Another group believes they should work within the system. Given the powers at the Government's disposal, no other course is realistic, they argue.

Resolution of the debate with-in the "Opposition" may have to await the outcome of the dispute between Mr Kibaki and Mr Njonjo. If KANU elections are beld and the former retains his post, Mr Odinga and his followers may conceivably return to the fold. If Mr Njonjo wins, this is nut of the question—at least for Mr Odinga himself. If KANU elections are not held, the uncertainty in Kenyan politics will continue, ad politicians will give too little attention to pressing

It should be noted that Kenya remains one of the more open, orderly and well-run countries those stand in Africa. Foreign investors to the test.

President Daniel arap Moi (above) with his two most senior Ministers: Vice - President Kibaki (near left) and Mr Charles Njonjo, Minister of Constitutional Affairs (far left)

remain, on the wbule, prepared to ride out the hard times.

There are no political detainees. Unlike the Kenyatta era, when Mzee—the old man-hovered above the political scene like a hawk about to swnop on chickens (a descrip-tion he used himself), people are more forthcoming in their

In spite of President Mol's mitial campaign against corruption, it remains pervasive. However, a recent drive to clean up the books of the co-operative movement, to which most of Kenya's peasant farmers belong, appears to have had consider-

It is sometimes said that Kenya is judged by higher stan-dards than those applied to many other Third World countries. If that is so, it is because the Government itself has set those standards — whether in policy papers which so frankly appraise its economic problems, or in adhering to the independence constitution worked out at Lancaster House. Today, those standards are being put



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Economic growth cut by payments squeeze

economy of a country long regarded by the West as an regarded by the West as an African success story is now in the grip of a depression which includes exhausted foreign exchange reserves, substantial halance of payments deficits, stagmant export crops for which international prices are poor, soaring government horrowing, high inflation and a rising debt service ratio.

service ratio.

No one should be taken by 'surprise. In the sessional paper on the economy presented in Parliament in May 1980, the Government warned: "We must face squarely the fact that the coming years, and the next two years in particu-lar, will he a time of austerity during which there will be slower growth of the economy. less employment creation, and more limited social services than were envisaged in the 1979-83 development plan."

The plan was based on a forecast of economic growth at an average annual rate of 6.3 more efficient use of resources. Two constraints emerged, however; a foreign exchange shortage caused by a combination of adverse terms of trade, and a serious halance of payments deficit due to con-tinuing increases io oil prices, an international recession com-an international recession coman international recession combined with inflation, and an unexpectedly high level of

defence spending.

The sessional paper reduced the estimated growth rate from arid categories—as well as on the annual average of 6.3 per cent to 5.4 per cent. That has, in turn, proved optimistic. Growth in 1981—for which the revised target was 5.9 pec cent —is estimated by the Ministry —is estimated by the Ministry told that the easy development of Planoing at between 3.5 and options, which allowed GDP to 4 per ceot, an assessment grow in real terms at about 6.5 per ceot, an assessment regarded as too high by some per cent from 1964 to 1973 and ohservers. Growth for 1982aiso 5.9 under the plao target
—ls put at "below 4 per cent."
Mr Arthur Magugu, who

succeeded Mr Mwai Kihaki as Minister of Finance in last hunger and raised agricultural month's Cabinet reshuffle, has output, is reaching an end, and a formidable task abead of bim. the "Kenyanisation" of an It seems that once again the expanding civil service—which planners will bare to lower provided jobs—is complete.

touzh message.

BALANCE OF PAYMENTS (shillings m)							
	1976	1977	1978	1979	1980		
Current account:							
Exports	6,224	9,360	7,338	7,606	9,220		
Imports	8,158	10,586	14,498	13,300	19,536		
(Balance of trade	-1.934	-1.226	-7.110	- 5.094 -	-19,316)		
Invisibles	1,236	1.454	2.004	2,128	3,660		
Current account							
balance	-698	228	-5.196	-3.566	-6.656		
Capital account:	•						
Long-term	1,274	1,678	0.064	3.620	4.300		
Sbnri-term	146	370	136	1.398	934		
Capital account	224						
halance	1.420	2.048	3,496	5.018	5.234		
Errors and omissions	-12	-23	58	-40	-22		
	710	2,253	-1.552	1.412	-1.444		
Overall balance	710						
	-	Source:	Central	Eank of	Kenya.		

environment. The balance of the Renyan economy? The latest payments remains the greatest available come from the Minischallenge and the paper will set try of Economic Planning's out the Government's policy of quarterly report with figures for containment. The secondary the first nine months of last challenge is the control of year and estimates for the full government spending and the year.

The balance of trade deficit fell 9.4 per cent from K£299m The paper may also remind Kenyans that their population io January-September 1980 to increase of 4 per cent a year— R£271m for the same period in one of the highest in the world 1981. The year-and forecast -means that whatever measures puts imports at K£930m (1980, K£960m), and exports at some K£558m (1980 K£516m), reducing the trade deficit for the year by around 16 per cent, from KE4:3m in 1980 to KE372m tury. This will place an enor-mous strain on Kenya's capacity to feed itself-80 per cent of the last year. land falls into the arid or semi-

Easy options

Kenyans have already been

per capita incomes to rise about 30 per cent over the same

The improvement was partly due to two devaluations of the Kenyan shilling last year around 30 per cent against the dollar. It is also the result of import restrictions, including measures introduced in the Budget last June.

Nevertheless balance of payments continued to be "difficult" in 1981, says the report, remained a "substantial" over- inflationary pressures."
all deficit, "covered mainly by Many observers- helieve that period are over.

The subdivision of large all deficit, "covered mainly by farms, which both eased land high level borrowings and draw-hunger and raised agricultural ings on the International Monetary Fund (IMF)."

Gross foreign reserves fell from K£133m in June 1981 to K£138m in October-the lowest their sights. A new sessional Industry, characterised by holding since December 1976 fore noting the Government's paper on the economy, which importsubstitution and governand barely two months import efforts to get to grips with the had not been published when ment protection, is now losing cover. A K552m Eurodollar loan problems. this survey was being written, that protection and must export traised without difficulty last is expected to deliver a further in the face of lough inter- year, indicating that Kenya's lulernational credit-worthiness re-Officials say that the theme Against this disturbing back-will be management of the ground then, what are the curveserves to K\$159ra by the end economy in a hostile economic rent indicators on the state of of the year.

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There has been further fall, however, following heavy payments for oil and servicing earlier borrowing, and in early March Kenya's reserves were at a record year low of K£110m, under a month's import cover. Meanwhile production of the two main cash craps—tea and

coffee, accounting for more than 30 per cent of export earnings last year—is almost unchanged. Export revenue for the two crops of K£170m last year was only 2 per cent up on 1980, although the coming coffee crop may show an increase. Prices for the two commodities are not encouraging and Kenya acknow-ledges that the 1976 hoom in prices—tes and coffee exports in 1977 were worth K£276m—

was a rare windfall.
Like all other countries Kenya has been hard hit by the increase in oil prices.
As the 1981 Economic Survey pointed out, the net cost of petroleum and its products to Kenya has risen from K534m in 1976 to around K£116m in 1980, when it absorbed 36 per cent

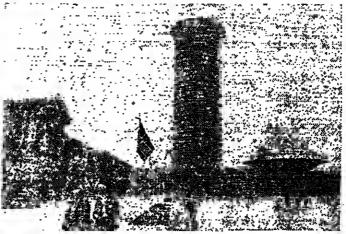
of the value of non-oil exports compared with 13 per cent in 1976 and less than 1 per cent in Perhaps the single most disquieting statistic in the report, however, deals with domestic credit. "While credit to the private sector increased by 8 per cent in 1981," notes the report, "credit to the Government accelerated by 76 per cent from K£167m at the end of 1980 to K£294m at the eod of 1981."

Private sector lending by the hanks has all hut dried up. In the 1980 sessional paper there appeared the warning that "there are clearly defined limits to which budget deficits can be financed by reliance on and after taking into account invisible current cornings there out generating uncontrollable

> the Government is unable to control the overborrowing by parastatais.

There are further items to add to the list of bad news, be-Kenya's external debt service

ratio has risen from around 3 per cent in the early 1970s to the current level of 18-19 per cent Last year's Europollar loan will probably be the last for





The squatter settlement of Mathari Valley (right) outside Nairobi illustrates the poverty which is the other face of the attractive capital-(left) the Kenyatta conference centre

Inflation, remarkably low un-til 1973, moved rapidly into double figures and although official estimates put it at 13 per cent last year, it could well have been higher, and will cer-tainly rise this year. Meanwhile corruption — such as purchase of import licences and kickbacks on contracts—is said hy husinessmen to be pervasive. Surveying the scene, one senior official acknowledges the problems but declares: "We will

reach the bottom of the trough this year, and pull out in 1983 and 1934." He and other officials give reasons for this cantions

Incentives

• The impact of measures to ease the balance of payments say that an IMF extended problem have not been fully financing facility worth over realised. They cite devaluation, restrictions on imports and ex-port incentives given in last

@ Coffee and tea should perform better in the two years ahead, increasing volume and getting hetter world prices. O Agricultural performance in elephants—such as the K£65m too few capable, middle-rangemeral should improve, pro- ethanol project at Kisumu, officials to exercise control.

vided the weather is good. The price increases announced by President Moi last December, to take effect from mid year, should see a response from growers. Seasonal credit facilities for growers is more efficient, as are marketing arrangements.

Senior civil servants are ensuring that there will be greater discipline in Government spending. The forthcoming sessional paper will emphasise this.

The foreign exchange

position will he eased when negotiations with the World Bank and IMF are finalised. A three-year World Bank struc-tural adjustment programme worth SDR 130m should be agreed next month. And sources outside the Government

financing facility worth over SDR 100m will soon he concluded, with the first tranche possible in May.

• International oil prices appear to be stahilising, even

O Under President Moi there have been no more white sometimes because there are elephants—such as the K£65m too few capable, middle-ranking

approved under the late President Kenyatta.

There will be no maize imports this year, and wheat will come as donor aid or on concessional terms. To this list officials could add

the continued high standing of Kenya among Western donors. Thus, when the former Finance Minister, Mr Mwal Kihaki, addressed the World Bankchaired Paris conference last July he received a sympathetic response to his analysis. Kenya's external capital requirement over the next four to five years, he sald, was around \$5bn, most of which the Government hoped to raise in a series of bilateral

negotiations with donors during that period. Nevertheless, even among sympathetic Western donors, there is unease about the years ahead. Kenya has shown in the past that it can identify its pro-

implement the adjustments required—partly hecause there may be a political price to pay:

Although Kenya has mor^{nf} cordial relations with the IMJⁱS than many African countriesp the record of past facilities han been mixed. One study of th relationship points out that three agreements in the past have broken down.

A two-year programme which hegan in 1980 foundered when the Treasury was unable to keet within limits imposed on its bank horrowing—partly due to an unbudgeted 30 per cent increase in civil servants' salaries.

It was replaced by a 12-month SDR 151.5m standby arrange-ment approved in January, but the study suggests that there was a "probability" that there would again he difficulties in keeping within the ceiling on Government hank horrowing.

Noting this, and other difficulties, one donor economist commented: "Kenya has lost all its economic cushions—the margin of flexibility is reduced to nil." For a country so vulnerable to the weather and international commodity prices, that is a disquieting analysis.

M.H.

EXPORTS AND IMPORTS (shillings m)

PORTS	1976	1977	1978	1979	1980	EXPORTS	1976	1977	1978	1979	1980
ategory:						Unreasted coffee .	1 866.1	4.087.6	2,495.3	2.213.9	2,163.7
ood and live						Tea	635.3		1,263.9	1.256.9	1,160.1
animals :	283.9	259.8	428.1	302,7	949.7	Petroleum prods.	1.379.3	1,533.1	1,368.4	1.559.8	3.254.1
everages and										95.8	176.5
tohaceo	116.5	77.3	149.6	156.6	76.9	Sisal ,	83,8	78.8	78.4		
rode materials .	223.1	334.6	283.9	251.2	308.1	Meat	167.7	151.9	54.2	53.8	31.7
fineral fuels	2,092.9	2,361.9	2,378.4	2,250.3	6.502.8	Pyrethrum	114.5	123.6	81.7	110.1	180-6
inimal and veg.						Maize	112.9	13.2	14.3	106.5	0.1
oils and fats	224.4	277.6	322.3	316.5	451.6		-		-		
hemicals	890.4	1.273.1	1.384.4	1.440.9	2.035.9	Fruit and veg	314.8	457.9	402.7	430.5	504.6
tanufact'd goods	1,464.9	1,841.5			2,598.7	Cement	161.4	171.3	180.1	166.9	203.1
lachinery and						. Hides and skins	171.2	160.5	196.4	275.4	191.0
traspt, equipmt.	2,326.3				5,491.3	Soda ash	60.7	53.7	73.7	102.0	60.9
lisc. manufcturs.	493.6	584.1	672.0	674.9	876.1						
ther	18.8	12.9	39.8	24.6	110.5	Other	1,305.5	1,193.6	1,173.6	1,352.4	1,826.6
TOTAL			13,223.1	12,385.9	19,180.6	Total	6,373.2	9,460.9	7,402.8	7,723.9	9,752.9
				Sour	re: Central	Bank of Kenya.					

Slim prospects for food self-sufficiency

IT IS couched tactfully, but In response to the substantial cent a year between 1972 and nevertheless a grim warning maize price increase of some 1978, while drought contributed comes across. If Keoya is to 40 per cent (partly compenreach self sufficiency in maize— sating for the 30 per cent 1979 and 1.3 per cent in 1980. a staple food—by 1989, "production of the shilling Although the good weather tion capacity will need to against the U.S. dollar in 1981). and higher prices saw total expand by at least 4.9 per cent effective from July, the coming agricultural output increase in a year and probably at a rate crop could well see a surplus considerably in excess of this. over domestic needs.

Rates of growth of this magnitude have, in the past, only been achieved in Kenya during the brief period of rapid adoption of hybrid maize."

The warning comes from the Government's sessional paper on national food policy pub-lished last year. And in case the warning is overlooked, the paper concludes its assessment of targets for overall food production - wheat, sorghum, millet, rice, heans, potatoes, sugar, beef, milk as well as maize-with the comment: 'Few countries have been able to sustain such growth in food production and the need to do so

presents Kenya with a formid-able challenge."

The official view is that formidable though the challenge may be Kenya will meet it. In private, however, officials express concern, while the assessment of agricultural economists and some of the Western dooors is that the targets will not be met and Kenya will have to live with a gap between domestic production and domestic needs.

to be filled by imports.
Estimates vary slightly, but in 1981 Kenya imported some 350,000 tonnes of maize and mercial rates costing around

mercial rates costing around farming. even back to the farming, even back to the farming even back to the settler days," says one agricultural economist, "Is that nothing goes completely right in in part to poor weather and inchequate domestic prices. An improvement in both weather and prices brought about a sub-stantial recovery. The latest oficial figures show maize deliveries to the produce hoard more than doubling, from 218,000 tonnes in 1960 to 473,000 tonnes last year.

Wheat deliveries, however, fell 13 per cent below 1980 levels, from 216,000 tonnes to 158,000. The drop was hlamed on noor weather and the subdivision of some large wheat icras into predominantly maize The prospect for 1982, then, is that there will be no imports of maire, but about 140,000 tranes of wheat will be needed, of which all but 30,000 tonnes farms were subdivided. There will come from donors—and was also the one-off benefit on grant or concessionat terms, maize, Growth was only 2 per

maize there remains considerable concern about food pro-

• The weather contributes to a

volume by an estimated 5 per crops increased in volume by less than 1 per cent.

evelic pattern of agricultural land is arid or semi-arid. Soil production in which a couple of erosion on arable land has AGRICULTURAL PRODUCTION TARGETS

	for	dstuffs			
CROP .	production 1980		nestic irement 1989	tiongr requ	
łaize*	1,942	2,777	3,514	12.7	6.8
Vbeat four	142	292	493	27.2	14.8
orghum/millet	369	445	563	6.4	4.8
licc	23	66	90 .	42.1	16.4
eans	140	253	344 .	21.8	10.5
olatoes	450	655	828	13.3	7.0
eef	147	188	314	8.5	8.8
Tilk	1 7 3 4	1 615	7.0=0	0.77	F.C

(Required rates of growth to achieve self-sufficiency in main

Maize production figure for 1980 Is an average of 1976 and 1980. Source: Sessional Paper No. 4, 1981, National Food Policy.

good seasons may be followed increased and the population is by three or four years of bad to rising rapidly, at 4 per cent a lindifferent weather — and kenyan farmers are at present anxiously awaiting the end of the century. By then Indifferent weather — and Kenyan farmers are at pre-155,000 tonnes of wheat at a sent anxiously awaiting the mix of concessional and com- start of the rains.

> any given year—credit prob-lems, late deliveries of fertiliser, army worm, drought, lack of storage, wrong prices. If one allows for a combination of natural disaster and management problems there is no prospect of sustained self sufficiency.

S Agriculture bas passed from what the former Minister of Finance, Mr Mwai Kibaki, called "soft options" to "hard options." The impression with the control of the control sive growth rate in the decade after independence—5.8 per cent a year between 1984 and 1972—was achieved through an increase is smallholder produc-tion as former white-owned that may yet he secured from the introduction of hybrid

there will be less than 0.2 hectares of high potential land per head, having fallen from 0.75 hectares in 1965.

In Central Province, for value of the example, all but 7 per cent of from KES high and medium-potential last year. land is being cropped says the sessional paper: "The remaining Developm land already supports livestock populations which are too large to be sustained efficiently from the grazing available"

The "hard" agricultural option includes more intense cultivation of land, increased yields on the better land, and costly and difficult exploitation of semi-arid land.

The food policy paper's call for a 360,000 tonnes strategic reserve presents difficulties: it surpluses because imported maize would be too expen Yet the Government will find it hard to support domestic

Missing from the food paper is any proposal on land tenures: to a decline of 0.8 per cent in land tenure system, increasing the rate of land adjudication (ownership is a critical factor in agricultural credit), setting minimum viable land holdings, cent last year, according to the quarterly review, recorded a ceiling on land ownership, marketed production of all and taxing absences landlords. The Government has been slow to move on these politically About 80 per cent of Kenya's sensitive issues, however.

If food prospects appear gloomy, cash crops look somewhat more encouraging. The two main export crops, tea and coffee, continue to be the critical foreign exchange earners accounting for about a third of receipts in 1980.

Although output has held steady however, there have been mixed results in the international markets. In 1981, 91,000 tonnes of coffees were delivered to the Board, a little under the previous year. But the drop in world prices saw pro-ducers' gross income drop 14. per cent from K£119m in 1980 to K£103m last year, according to the Ministry of Economic

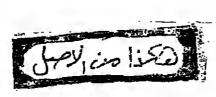
Planning's quarterly review. Further, following the introduction of quotas in September 1980, under the International Coffee Organisation agreement, Kenyan stocks have been building up, and one unofficial local estimate anticipates stocks reaching the equivalent of one year's production by the end

Tea deliveries in 1981 rose slightly from 90,000 tunnes in 1980 to 91,000 tunnes. Kenya has overtaken India as Britain's largest supplier of the crop. The value of tea exports rose slightly from K£58m in 1980 to K£60m

The history of the Kenya Tea Development Authority (KTDA) is an extraordinary success story a rare example of a success-agricultural parestatal." notes one development official. Since its establishment in 1964 KTDA has overseen an expansiou from 8,600 acres that year sion from 8,000 acres that year to 132,000 acres farmed hy 138,000 smallholders producing one of the world's best quality teas. RTDA now accounts for over a third of the national crop. Turbandly the prespects for

Unhappily, the prospects for higher world prices look poor, and the producer countries have been unable to agree on a joint strategy to push them up.

M.H.



Sensitive issues come under a spotlight

PRESIDENT MOI's role as Chairman of the Organisation

But while OAU issues, and relations with neighbours, understandably dominate foreign policy, Kenya is adding its voice to the debate on international economic problems and their effect on Africa lems and their effect on Africa. If Kenya was ever smug about the predicament of some of its neighbours, sheltering behind the coffee boom of the mid-1970s and the aid benefits accruing to one of the West's proteges in Africa, it is no longer. The economy is in serious difficulties and spokesmen for this avowedly anticommunist country with a mixed economy are beginning to make much the same points in the North-South debate as,

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for example, socialist Tanzania. Thus: "Developing countries do not determine the prices of their commodities. They learn about such prices by reading market price reports from the Press of the developed countries. Those prices do not take into account the costs of production in developing countries. On the other band, prices of tractors, forries, fertilisers, etc. are fixed by the transnational corporations the developed countries which produce them. . . This differentiat in the prices of raw materials on the one band, and of finished goods on the other, causes grave difficulties to

The speaker is not Mr Oginga

of African Unity (OAU) has Odinga, publicly rebuted by given, Kenya its highest profile in foreign affairs since independence in 1963.

The speaker is not mr Oginga Odinga, publicly rebuted by President Moi for expressing broadly similar sentiments. Nor is it Tanzania's Dr Julius is it Tanzania's Dr Julius Nyerere, though he has been saying much the same thing for years. It is Dr Robert Ouko, Foreign Minister of Kenya, in a speech last month marking the anniversary of the death of Tom Mboya, one of the country's outstanding politi-

> Africa, says Dr Ouko, is still largely viewed as "a aupplier of raw materials and cheap

Sigh of relief

These are not the issues which grab the headlines, however. Two subjects have preoccupied Dr Ouko and President Moi, who became OAU chairman after hosting the July summit last year: Chad and Western Sahara. And when President Moi hands over his responsibilities to the Libyan leader, Col. Muammar Gaddaff, in August he may well give a private sigh of relief.

He will bave presided over the 50-member organisation during one of the most difficult years in its history. The con-tentious issues of Chad and Western Sahara have oversbadowed the two other subjects on which the OAU reaches com-fortable unanimity: Namibia and South Africa.

In the case of Chad, the Organisation's decision to play a peace-keeping role ran into

early problems. Member states ahead with seeking agreement contributed only half the 6,500- on a constitution under which cost of the assistance from France and the United States.

The difficulties were a factor does face a crisis, which poses in forcing the OAU to draw up, a threat to the unity of the at a meeting in Nairobi earlier organisation." this year, a timetable for a ceasefire in Chad'a civil war and a negotiated constitution and elections by June 30, which looked unrealistic even at the time, and are now certainly in

jeopardy. In the Sahara the OAU proposal that the dispute be settled by referendum was undermined last month when a majority of OAU members meeting at ministerial level voted to recognise Polisario the guerrilla organisation seeking indepen-

dence for the territory. Nineteen members walked out in protest in what is the most serious division in the OAU since it spht in 1976 over support for MPLA and UNITA. rival guerrilla forces in Angola

The admission of Polisario, said Dr Ouko in an interview with the Financial Times, "led to a lot of confusion." But, he went on, "no action by the Council of Ministers or the referendum proposal will con-

strong force proposed and the elections can be held." But he U.S.\$160m estimated annual acknowledges that the two

Yet despite the trials, the Organisation survives.

Reeping it together at all in the face of these difficulties,"
says Dr Ouko, "is an achievement by itself," owing much to
President Moi's "cool head and great wisdom."

Talking shop

The President has been in an invidious position. Had the OAU under his chairmanship confined itself to platitudes and expressions of concern, the Organisation would, have been open to charges — made in the past — that it is little more than a talking shore than a talking shop.

No one, least of all President Moi and Dr Ouke, under the World Bank-appointed estimated the hurdles presented mediator. But the sharp policy Chad and Western Sahara. tical differences (despite grow-If current efforts fail, at least the President, who has devoted a considerable amount of his time to OAU affairs, can say that an attempt was made—but he will be reminded of his own words when the Chad force was first set up. It will be Secretary General (Mr Eden Kodjo) can halt the work of the committee established by the heads of state last July."

Work on implementation of the will be reminded of his own words when the Chad force was first set up. It will, be said, "be a test of the OAU credibility." It is a test which is in danger of failing. is in danger of failing.

tinue, be says.

As for Chad, "we will press that despite what he calls

"painfully slow progress" Africa, and a 1980 agreement towards a settlement, "there is some movement forward in which President Moi bas played port facilities. issues are a considerable chalasignificant role." The British lenge: "I fear that the OAU Foreign Secretary, Lord Carrington, briefed Mr Moi during his visit to Kenya earlier this month and British officials feel that Kenya is now less critical of the Western settlement

proposals. Reviewing regional links, Dr Ouko describes contacts with Uganda and Sudan as good, but there is no sign of an improvement in relations with Tanzania which recently gave political asylum to a backbench Kenyan MP. The border, closed in 1977, is unlikely to reopen before the three members (Kenya, Tan-zania and Uganda) of the defunct East Africa Community have agreed on the allocation of the Community's assets and liabilities.

A further meeting is due soon to discuss the report on the subject by Dr Viktor Umbricht. also have to he resolved.

Yet a common enemy can override political differences, as the cordial relations with the Marxist government of Ethiopia shows. Both governments who have exchanged state visits
— remain concerned about the territorial ambitions of Somalia. Although both President Moi and President Siad Barre of Somalia have stated their desire to improve relations, the rapprochement has yet to be

President Renée of the Seychelles continues to accuse senior Kenyan officials of complicity in last year's unsuccess ful coup attempt against his government by South African mercenaries. Dr Ouko repeats the denial his government issued at the time: "The Kenya government is not involved, and at no time was it involved."

South Africa does surface in another capacity, bowever. President Moi's fellow heads of state have tactfully refrained from raising two issues which are seldom publicly discussed in Kenya: the daily air links between Nairobi's Kenyatta International airport and South

For International Airlines (Kenya Airways itself does not fly the route) the Nairohi-Johannesburg leg is an invaluable facility on a continent in which only a bandful of countries permit air links with the Republic. The traffic helps Kenya, too, by increasing its convenience as a tourist centre and contributing millions of Kenyan pounds a year from landing fees and the sale of aviation fuel.

Kenya nevertheless fervently condemns apartheid. Dr Ouko last month declared: "South African freedom fighters with-in and outside the country must be supported and encouraged to maintain and even intensify the tempo of the armed struggle. . . countries which by deliberate policy or through dithering, indifference support the evil system of apartheid. . through investment, trade or military franchise should cease to do so."

Condemnation

The U.S.'s role in Kenya is as sensitive as any suggestion that such condemnation of Pretoria may be incompatible with the flourishing air links.

The backles of both U.S. and Kenyan officials rise if one refers to "bases" rather than "access to Kenyan facilities." U.S. officials maintain that the U.S.\$50m programme at the Indian Ocean port of Mombasa is primarily in the interests of American seamen seeking recreation after tedious weeks at sea policing the Indian

The harbour is being widened and deepened so that aircraft carriers can dock instead of anchoring at sea and subjecting shore-bound sailors to the discomfort of liberty boats. Last year there were 40 ship visits.

Work is also under way on a second runway at Moi Interna-tional airport, Mombasa, which will improve handling facilities for the buge C1±1 aircraft bringing in supplies.

Equally discreet about their role is the British Government, which uses Kenyan terrain and barracks for training. Up to 700 men, including SAS units, can be in Kenya at any one

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Guidelines on how to invest in Kenya

Investors in Kenya often find themselves baffled and harassed by the maze of government channels that have to be followed before they can start a business.

All new investments and expansions must be approved by the New Projects Committee which falls under the Ministry of Industry but also has representatives from the Ministries of Finance, Planning, Agriculture, Water Development, Commerce (for export), the Office of the President (for land allocation) and Kenya Industrial

The Industrial and Commercial Development Cor-poration, the Development

Finance Company of Kenya and the Industrial Development Bank — government development bodies which often participate as share-holders or lenders in larger projects-also sit on the committee.

Projects of K£5m and over must also be approved by an economic subcommittee in the Cabinet. Approval can take from six months to a year or even longer, depending on the size and complexity of the project and the terms that are requested by the investor,

The process is hastened if sound, comprehensive feasibility study is submitted and a company representative is on hand to answer questions. Submissions are scrutinised for job creation, cost feasibility, return on investment, realistic market share and the local equity com-

The type of capital equip-ment is another crucial issue as the Kenyans are wary of over-invoicing of inferior machinery. Past instances of dumping means that secondhand machinery is almost never allowed. Preference is given to businesses with Kenya-African participation (although this is not a requirement), or that are based outside the Nairobi-Membasa industrial complex, and to export ventures.

The New Projects Com-

mittee approves machinery imports but concessions, work permits and exchange control approval must be obtained individually.

Sales tax rehates on machinery, which must be negotiated, are obtained through the Ministry of Finance. Duty drawbacks and protective tariffs, if agreed upon, are applied for through the Industrial Protection Committee,
Exchange control is
bandled by the Central Bank

while work permits, which are required for all non-Kenyans, are granted by the Department of Immigration once they are satisfied the job requires an aptitude not available in Kenya.

Tourist industry hopes for an end to world recession

THERE IS growing pessimism at present among the men and women who run Kenya's tourist industry: the botel-keepers, the tour operators, the hotel and lodge suppliers, the tourist shopa and curio emporiums.

Tourism has for years been Kenya's growth industry, bringing in upwards of KE50m a year in foreign exchange. Although doom is by no means in sight, there is a lot of gloom as world recession has taken its toli. There are also other factors

Figures, just released by the Government indicate a marginal slide, a reversal of the traditionally upwards trend They show that from January to October 1981 (in delightful jargon of the tourist trade), a total of 3,869,000 bednights were compared with 3.875,000 in the same period in 1980; a fall of 0.4 per cent. The trade in Kenya is eternally

optimistic, however, and several grand new hotels have heen built, especially along the coast. Last year hotel capacity increased from 6,912,000 bednights to 7,076,000 bednights, or by 2.3 per cent. Sadly there just were not enough tourists to fill them all:

Visitors from Europe continue to he the hotels' main cusmostly Germans. Austrians,

Italians and British, though many Britons prefer to spend their nights at up-country lodges. Tourists from North America, Scandinavia and Asia bave de-clined in numbers, but this bas been partially offset by increasing numbers of tourists from other African countries, especially expatriates from Zimhabwe and

Some upmarket tour operators claim that well-heeled American tourists are coming hack, paying anything np to U.S.\$5,000 for a luxury photographic safari (carpeted tents. champagne and uniformed waiters) among the wild animals of the Kenyan bush. Many of these would once have been hunters, but Kenya's Government banned hunting some years ago.

It is the delights of the Kenyan coast, the sun, the fine, wide uppolluted beaches, and the excellent hotels which have always drawn the majority of tourists to Kenya, bowever. Many Germans come back again and again, for example, to hotels where menus are printed in German, waiters know the correct German phrases and, up the coast at Malindi, most of the shop signs are painted in German.

The coast is the hub of the industry, and a great deal of German and Swiss investment

beach hotels north and south of Momhasa.

The Severin group has built three botels adjacent to each other at Bamhuri Beach; with three different price brackets one for each sector of the market. All are served by a common grillroom, disco and casino, but each has its own swimming pool. Reports say this trio is well able to ride out the current market vicissi-

Three new hotels have also opened up at Diani Beach, south of Momhasa. They were begun when prospects looked good.

It was the "high season." just beginning · before Christmas and the New Year and ending in March and April, which set the warning light flashing along the beaches from Diani to Malindi. Almost every hotel bad beds on offer Christmas, an unheard of event, and there were reports of 30 per cent vacancies in

is difficult to predict tourist levels in the low season, May to August, though many hotels are trying to recoup possible losses with special discounted rates for Kenyan residents during that period.

The industry was dealt a serious blow when certain charter

rights to carry passengers to Mombasa, using the recently upgraded Moi airport. No less than four charter companies are waiting for decisions on licences from the Civil Aviation Board. One charter company cancelled its plans. The travel trade considers that a minimum of 15 months is needed to market package tours, and they must have assurances on continuity.

Ministry of Tourism metcomes what is calls "up market" flights. It defends the moves taken as "motivated in the desire to protect Kenya Airways and by the need to optimise the nation's share of the benefits accruing from ai rtransport

operations." The Ministry does not favour the lower end of the market using luxury hotels on full board. The Government view is that "this type of tourist does not benefit the country and it could be claimed that Kenya is subsidising the stay of such holidaymakers.'

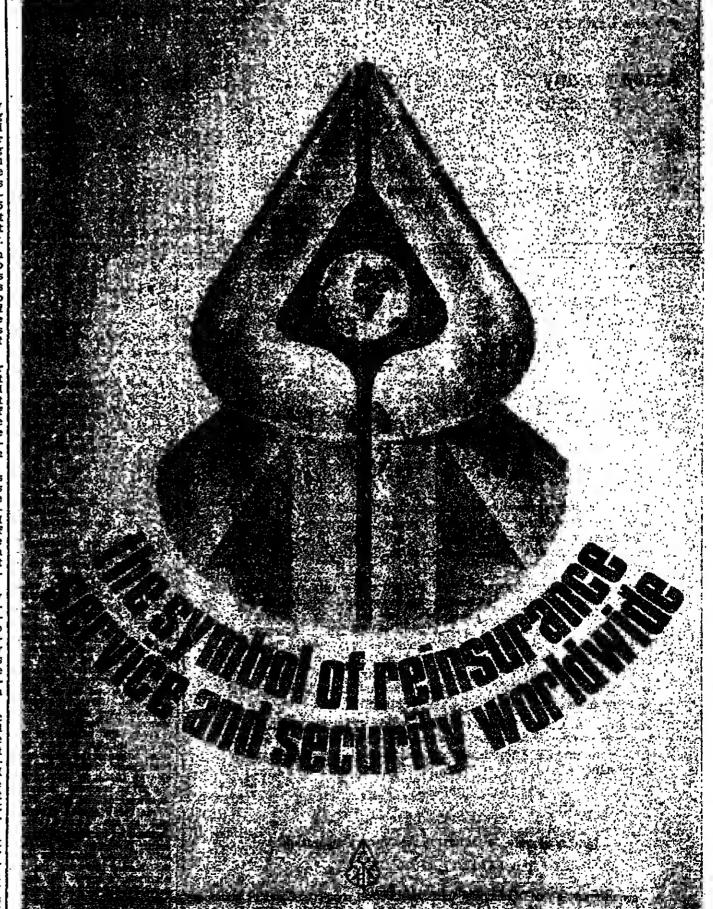
seems that the limitations placed on direct charters from Britain and Europe are a major cause of the depressed market in Kenya, and the Kenya Association of Tour Operators says the whole situation has been worsened by lack of contact between them and the Min-

Tourists these days are not easy to come by. The world recession bas caused the traditional sources of tourists to shrink, and long-haul destinations have been badly hit by the rising costs of air fares due to high fuel prices. There is also criticism of poor marketing by Kenya in Britain

The recent Kenya economic report refers briefly and blandly to "problems in the licensing of charters." It looks as though these problems will have to be resolved soon or there is likely to be another downturn in tourist levels next year, which most hotels and the trade generally can ill afford.

Tourist industry operators at the coast believe that a busy charter traffic is the only chance for Kenyan tourism to regain its former healthy state. Whether the authorities take this point is a matter of the utmost importance to the thousands involved in the

John Worrall





beach, up the coast from Mombasa, is a popular resort for German tourists. European visitors continue to be the main customers but the drop in tourists from North America and Asia has been partly offset by increasing numbers from other African countries

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ETHIOPIA

Chillier winds for foreign investors

Cabinet reshuffle, set out what Cabinet reshuffle, set out what "Most companies which have through Deg, that country's came to be known as Kenya's fixed investment here are stick-equivalent of the Commonwealth country was sailing on the crest of the coffee boom but Mr Kibaki and Kenya's other top new investment from outside is Italy and India. The Japanese leaders had the foresight to not going ahead so fast. In prefer to trade and their assess the temporary nature of fact there is precious little of exposure in the country is low. those palmy days of spending and to consider the structural adjustments needed to preserve Kenya's reputation as an economic showpiece.

in Kenya had become too concentrated in inefficient import substitution industries sheltering behind tariff barriers and import restrictions. Structural adjustment meant building as export-orientated and competitive industrial sector, with greater Kenyan ownership and the encouragement of agricultural development and agro-industries at the expense of urban infrastructure.

The results to date have been slow to materialise. A severe shortage of domestic capital combined with the Kenyan inclination towards lucrative property deals and large cars has blunted local interest in fixed capital investment.

At the same time foreign instors have bad to reassess the efficiency of their operations the Government retracted the generous pro-tection that once existed in the form of monopolies, bans on competitive imported goods and concessions on sales tax and customs duty on inputs. This, combined with the depressed

Simbarite Ltd

Sokoro Fibreboards Ltd

Thika Cloth Mills Ltd

and bothersome procedure) but

it," says an economic analyst.

Investment levels have remained more or less static since 1977. The last major invest-Conomic showpiece. ment in the country was in The essence of Mr Kibaki's 1977 when General Motors (GM) message was clear. Investment started production of heavy duty vehicles on a share capital of 28.5m shillings (£1.5m). Only 49 per cent of equity belongs to GM. The balance is owned by the Industrial and Commercial Development Corporation, a Government develop-ment bank, so GM does not bear the full risk should anything go

Entrepreneurs

Neither investment levels nor an ownership profile of industry in Kenya have ever been collated but it is generally thought that foreign ownership accounts for about half of all investment. The balance is held by state development banks and Kenyan citizens — both Europeans and Asians and a growing number of small Kenyan African entrepreneurs.

The number of big Kenyan industrialists could fit comfortably around a dinner table. Britain is still the biggest foreign investor because of historical precedence. British investment is estimated at some state of the economy, is scaring \$500m, followed by investment

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• Robinson Hotels (Mombasa) Ltd .

IN JANUARY 1978, Mr Mwai off new investors from abroad of some \$315m, while West Kibaki, Minister for Finance who might have filled the gap Germany has invested DM 96m. for 13 years until the February left by Kenyan entrepreneurs. DM 61m of this is channelled hard options. At the time the ing very firmly with it (often Development Corporation Other because disinvestment is a costly important foreign investors come from Switzerland, France,

exposure in the country is low.

The present period of recession is emerging as a critical moment for evaluating attitudes towards foreign investors. During the 1970s growth of industrial output averaged just over 10 per cent. In that time the manufacturing base grew apace so that today it accounts for about 15 per cent of Gross Domestic Product (GDP). But last year output increased by about 5 per cent, on a par with performance for 1980. This is worryingly below the 9 per cent growth stipulated in the current five-year development

At a Paris donor's conference in July, Mr Kibaki said that Kenya needs \$5bn of external capital just to meet some of the development plan targets. A good half of this will be met by grants and concessionary loans but the balance will have to be found either through pri-vate investment, commercial loans or suppliers' credits.

In direct conflict with the critical need for foreign investment is the endemic suspicion among bureaucrats of the multinationals' objectives methods. In everday life this is translated into what businessmen perceive as harassment and lack of communication.

Holding back

The Firestone tyre group provides an example. Firestone had been holding back retained earnings with a view to build-ing a Sh 150m expansion to its tyre plant, even though its 10-year monopoly agreement ex-pired in October 1979.

When the Government invited a second tyre manufac-u er to invess Firestone de-cided to remit the money hack to the U.S. Free remittance of profits is guaranteed under the Foreign Investment Protection Act but Firestone was refused exchange control approval. Firestone filed a claim to OPIC, for the sequestered Sh59m. The problem was finally resolved but Kenya's image has een tarnished.

Other businessmen report instances of haggling over the transfer of technical service or managment fees. One company had its management fee cheque bounce. An embarrassed central bank quickly rectified the situation. Nor can investors, potential or established, be blamed for succumbing to pas-

When Mr Walter Scheel, chairman of DEG, did a promotion trip to Kenya in February the Kenyans gave him a shop-ping list of new enterprises they would like supported. One was an ethanol plant—elthough the country aiready has two about to come onstream. Another was a PVC plantalthough it has already been agreed with an Indian company that it will invest in one.



Motor vehicle knocked down parts in an automobile assembly plant

tion, but it can't last for ever.

That is why pragmatic officials,

who have acquired a modicum

of muscle when it comes to

negotiations, are being less

for

licences are subject to sporadic clampdowns governed foreign reserve levels foreign exchange approval for raw materials and spare parts cur-

rently takes only one month. The Kenyans realise they can-not implement their objectives without treading on a few toes, but the long-term goals are con-sidered worth it. At the instigation of the World Bank the accommodating. Government is taking its first Firestone, step towards becoming a fully enjoyed tax com

Nevertheless, there is virtue to raise manufactured goods to capital goods. Britain's Dunlop, ally no backlog in the remited a standard that is competitive which is currently negotiating tance of profits. While import in the global marketplace, for the second tyre plant, is unlikely to get these concessions. "That is why we are discourag-One reason is that the Kenyans ing monopoly situations," ex-plained an official in the feel that too much protection Ministry of Industry, "when an makes manufacturers unable to industrial sector is being estabcompete on the world market. lished we have to offer protec-

Economists also point out that foreign content is a high 45 per cent, signalling a drain on foreign exchange. There are no legal requirements for local content so manufacturers tend to look abroad for raw materials.

step towards becoming a fully enjoyed tax concessions on im-fledged trading nation by trying ported raw materials and Mary Anne Fitzgerald by Heinemann. "Underdevelopment in Kenya;"

Businessman's Guide

There are few places in Africa more comfortable than Kenya and its capital, Nairobi with its international class hotels, good restaurants, a pleasant climate and the coast or game parks within easy reach for a weekend off. The following guide might, however, make life even easier. Telephone numbers are all for Nairobi

SOMAL

REP.

MAIN MINISTERS AND PERMANENT **SECRETARIES**

Office of the President. Tel: 27411. Chief Secretary and Head of the Civil Service, Mr Jeremiab Kiereini. Permanent Secretary, Development Co-ordination and Cabinet Office: Mr S. Nyachae. Vice-President and Minister of Home Affairs: Mr Mwai Kibaki. Tel: 28411. Permanent Secretary: Mr D. Mwiraria. Minister for Constitutional Affairs: Mr Charles Njonje. Permaneut Secretary: Mr J. K. Ndoto.

Minister for Finance: Mr Arthur Magugu. Tel: 338111. Permaneut Secretary: Mr Har is Mule. Financial Secretary: Mr J. Karuga. Minister for Economie Planning and Development: Mr Z.

Onyonka. Tel: 338111. Permanent Secretary: Mr. F. Y. O. Masakhalia. Minister of Agriculture: Mr M. Walyaki. Tel: 120030. Permanent Secretary: Mr P. M. Njuguna. Minister of Foreign Affairs: Mr Robert Ouks. Tel: 334433. Mr J. G. Shamalla. Minister of Commerce Mr J. H. Okwanyo. Tel: 28411. ermanent Secretary: Mr J. A. Kipsanai. Minister of Tourism: Mr E. Mwangale. Tel: 331030. Permanent Secretary: Mr A. W. Mbogho. Minister of Industry: Mr A. J. Omanga, Tel: 24261. Permanent Secretary:

Mr J. W. Githuku. Minister of Transport and Communications: Mr H. K. Kosgey. Tel: 26441. Permanent Secretary: Mr S. J. Mbogna. Minister of Local Government: SS ole Oloitipitip. Tel: \$2411. Permanent Secretary: Mr L. M. Kabeta.

BIBLIOGRAPHY

The Kenyan Government's publication on the country's economy are frank and well written. Obtainable from the overnment brinter are: • Kenya Economic Survey, 1981 • Fourth Development Plan, 1979-83

 Sessional Papers (White Papers), on the economy (1980) and food policy (1981) The Central Bank published an annual feport and quarterly reviews.

Professor Tony Killick has edited "Papers on the Kenyan Economy" published in 1981

Colin Leys, ficinemann, 1875. Kenya: inin the second decade: "IBRD (World Bank). John Hopkins University Press

"Petals of Blood:" Ngugi wa Thiongo, Heinemann. A novel on modern Kenya by the country's leading writer. For eating out: Kathy Eldon's Guide to Restaurants lu Kenya:" Kenway, Nairobi. The two English daily papers published in Nairobi are The Standard and The Daily Nation. The Weekly Review, edited by fillery Ngweno, provides invaluable coverage of political and economic events in Kenya and elsewhere.

EMBASSIES British High Commission. Tel:

Canada, Tel: 334033. France. Tel: 28373. Ireland, Tel. 26771-L Japan. Tel: 332955. Netherlands. Tel: 27111. Nigeria, Tel: 28321/24681. Sweden, Tel: 29042-5. United States. Tel: 334141/

334150. USSR. Tel: 20233. West Germany. Tel: 26661/

EXCHANGE RATE

£1=K£0.956 \$1=K£0.525 K£1=Kshillings 20

CURRENCY

Visitors must complete a currency decisration on arrival. Retain your exchange receipts: Kenyatta International airport will change Kenyan notes back into major currencies when the form and receipts are produced.

HOTELS

Intercontinental. Telex 22631; tel 335550. Hilton. Telex 22252; tel 334000. Norfolk. Telex 22559; tel 335422. Serena. Telex 22377; tel 337978. New Stanley. Telex 22223; tel 333233.

HEALTH

Tap water is safe. Visitors should have cholera and yellow fever vaccination certificates. If you intend travelling far from the main towns, temporary membership of the Flying Doctor service is 25 Kenyan shillings. In return it provides free airlifts to the nearest medicat facilities. Malaria prophylactics should be taken.

BANKS

Central Bank, Haile Selassie Avenue. Tel: 26431. Barclays, Standard, Bank of Credit and Commerce, Citibank, First National Bank of Chicago, Grindlays, Habib Bank are among the banks with offices

MAIN AIRLINES

Kenya Airways. Tel: 29291/822171. British Airways. Tel: 334362/334440. El AL Tel: 338560. Swissair. Tel: 331012. Transworld. Tel: 24036/20285. Pan Am. Tel: 23581. Lufthausa, Tel: 335819/26271. KLM. Tel: 332673/74/75.

RESTAURANTS

Marino's Mezzanine Floor, International Life House (tel. 27150). Jardin de Paris, at the French Cultural Centre (tel. 336435). Does not take credit cards. Bobbe's Bistro (tel. 21152). Red Bull Restaurant

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P.O. Box 45519, Nairobi, Kenya

Telephone: Nairobi 29213 Telegrams: INDUSDEV

Telex: 22429

Kenya is heavily dependent on international trading patterns

Pressure on Britain's trading lead

trick on Kenya. Just when the country had decided to take a bold stride towards becoming a competitive trading nation, a global recession set in dragging Kenya along in its wake. First Tanzanian in 1965, and it confidenced in the 1979-83 timed to be Kenya's top African keep abreast of inflation. This trading partner right through Budgets, the concept was to lift quantitative import restrictions and raise tariff barriers to stimulate manufacturing efficiency.
In return for initiating the

system the World Bank, the principal architect of the re-forms, embarked on a programme of structural adjustment loans to shore up mounting deficits. But the ambitious export drive has stalled. Empty coffers have prompted sporadic but harsh import restrictions.
As a result manufactured ex-

ports, relying on a high level of foreign content, have stagnated; and prices for commodities—coffee and tea are two of the top foreign exchange earners—have softened on the international market.

Today the balance of payments continues to be a headache, although the trade deficit is estimated to have fallen from Kenyan £443m in 1980 to Kenyan £372m last year. According to official figures, much of the blame for declining exports is laid at the doorstep of Julius Nyerere. In February 1977 Nyerere summarily closed the border between the two cars and other goods regarded countries, a move that accelerated the dissolution of the East issued since the end of 1980. Kenyans have been lamenting spare parts and raw materials the loss of one of the most lucra-

Amin's rule and the tentative attempts at reconstruction that have followed. Ugandan pur-chases from Kenya reached a record high in 1980 although they dropped last year. Neither is Africa a developed

marketplace for Kenya. Regional trade is constrained by a general lack of foreign exchange and inadequate infrastructure. Only a quarter of Kenya's exports remain within the continent. Virtually all of the halance goes to the industrialised countries, primarily in the form of commodities such as coffee, tea, pyrethrum, sisal, pineapples, processed meat and

Clampdowns

To narrow the discrepancy between the north-sooth flow Kenya has been attempting to cut back on its import demands. The bill for many imported goods, particularly machinery decreased last year. As a result Tanzania's accialist President of arbitrary central bank clampdowns on foreign exchange allocations import licences for as luxury items have not been African community. Since then More essential items such as currently take about a month tive markets for their manufac- to clear with the Central Bank. This is coosidered a reasonable Tanzanian trade dropped by time lag. Kenya's main trading sible to increase it." 70 per cent the following year partners are Britain, West

sion amongst supplied nations and given rise to suspicion and mistrust over national methods of competition, Although credit conditions in OECD countries are regulated by an agree-ment, some countries seem to more adept at operating within those parameters than others.

Britain bas always been Kenya's foremost trading partner, but the edge is becoming gradually less decisive as the old boy network established in colonial times crumbles in the face of the jockeying tactics of newcomers such as the French and the Japanese Britain's ex-port figures for last year are not yet available but they are expected to be 40 per cent down from 1980.

British officials in Nairobi said that the drop results from Kenya's cutback on consumer goods. If the figures for the first four months of 1981 are extrapolated, exports of machinery and transport equip-ment will fall by a third while exports of manufactured and consumer goods will drop by only one-fifth. Lord Carrington, Secretary of State for Foreign and Commonwealth Affairs conceded Britain's trading mar-gin was narrowing when he visited Kenya earlier in March. "All countries in recession are looking for trade in other parts of the world," he said, "We 30 per cent into sales that have are determined to keep our a true developmental value if share of the market and if pos- competition from other nations Hooes for recovery

ing. There is a £60m turnkey sugar project in Busia in western Kenya Booker Agriculture International in London with Fletcher and Stewart, and Tate and Lyle are competing against Indian, French and Japanese bidders. But Tate and Lyle are including some Japanese plant in their presentation because the rate of the yen has made Japanese prices more attractive than ever. Kenya Railways is spending \$23m on carriages and an-

Last year Britain lost a contract for container handling equipment at Mombasa to the French, who offered better credit terms. French

other \$20m is going towards port

equipment.

boosted by lines of credit extended to Kenya specifically for this purpose. Last year FFr 234m was handed out for equipment. Another FFr 300m is due to be signed up this April. With 35 years allowed for repayment the terms are more or less irresistible. The loans are com-posed of concessional government money and bank funds which results in an interest rate max of 7 per cent. The French find the formula so successful they are extending the lines of credit on a yearly basis. As for genuine development aid, a French diplomat neatly sidestepped the issue by explaining. "We don't have enough money for infrastructure.

British sales on the commercisi market are sometimes assisted by the aid for trade provision, an ODA fund that can inject a grant element of 20 to can be proved as a serious

IN 1980 fate played a cruel and will not recover until the Germany. France, Italy, U.S. Britain's share of the Kenya Total expenditure for the global trick on Kenya. Just when the border is reopened.

and Japan.

Total expenditure for the global market this year are pinned on pool averages about £60m a several large purchases of year, just over twice the value bold stride towards becoming a ance dims in the cootext of mand is not expected to inpool averages about £60m a year, just over twice the value of French subsidies to Kenya this year.

Another stumbling block for sales is Kenya's sinking credit rating—about sixth in black Africa—and chronic cash shortage. Most government export insurance bodies, with the ex-ception of the Japanese, have required local bank guarantees before covering suppliers. But banks have been very reluctant

Tight credit

Credit terms are becoming even tighter. A large Kenyan industrial concern with international partners went shopping for machinery this January and discovered that the ECGD, Hermes of West Germany and machinery sales are Austria's OKB state bank all demanded a guarantee from a reputable international bank.

As one banker put it, "What international bank would guarantee a Kenyan importer?" The French have got round this problem with their customary definess. This January they extended a FFr 50m line of credit to the state-owned Kenya Commercial Bank to be used specifically as guarantees for covers from Coface, the French insurance body.

Britain may not be matching these terms—which in some observers eyes amount to out-right subsidies—but officials question the rationale behind the sales scramble. Mr Simon Hemans, Deputy British High Commissioner, says: "The credit race is self-defeating in the end-If you end up buying your own exports you haven't helped the economy in the long run."

Companies and Markets

WORLD STOCK MARKETS

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2114 101g Zenith Radio 125g the deather 3134 624 33 924 4154 5714 5279 4236 36 104 746 28 3518 3354 2748 9118 SINGAPORE 1981/82 Mor. 19 Price AUSTRIA Indices 9.80 2.04 Bourtead Bhd.... 2.18
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5.14 2.77 UOS 4.12 ٠: **NEW YORK** -DOW JOHES Mar. 19 1981/82 Price High | Low 1281-82 |Since Cmslit'n Mer. Mer. Mar. Mar. Mar. Mar. 1281-82 | Since Cmail't' | 19 18 17 16 15 12 | High | Low | High | Low Financial Rand US\$0.711 201 Gredit'stait Pfd... 178 Leonderbank Pf6; 943 Pcri mooser 91 Semporit 160 Steyr Daimicr 190 Ueltscher Mag ... (Discount of 26%) 1981-82 9,90 7,75 16,3 3,05 15,70 8,14 Low BRAZIL AUSTRALIA Ali Ord. (1/1/80) Metai & Minis. (1/1/80) Mar. 19 AUSTRIA Credit Aktien (2/1/62) BELGIUM/LUXEMBOURG FRANCE SWEDEN BELGIUM Trading Vol 48,250 54,279 48,990 58,848 48,878 49,880 — — — 1081|82 Mar. 19 Price 84.61 92.81 91.57 01.09 101.89 28121821 1981/82 Mar. 19 Price elgian SE (61/12/66) 18401) 83,68 Mar. 19 DEHMARK | 3,700 | Sank Int A Lux | 020 | Seksert B | 020 | Seksert B | 030 | Seksert B | 034 122.66 122.68 122.63 121.82 126.22 (52/2/82) 95.88 (2/1/61) 5,085 1,636 Emprunt 4,1, 1878 1,800 10,950 5,500 Emprunt 7, 1978 5,025 5,289 2,560 CHE 3, 2730 518 578 Air Liquiée, 445.1 212.5 93.5,Acquitaine 518.3 154 85,8 Au Printompe 1,148,6 eDay's high 811.64 low 722.75 188 AGA... Mer. 18 : Mar. 6 Feb. 85 (Year ago lapprox 208 392 134 e2e 287 156 FRANCE CAC Ceneral (29/12/51) 88,96 98,5 60,9 05,5 Ind Tandanea (51/12/51) 110,80 114,1 114,5 114,4 TEL AVIV inė, div. yleid 🖫 - 6,00 6,80 ; 6,75 graph credit CERMANY Banking, Incurance and Finance Bank Leumi Ic Israel... 2,174 IDS Bankholding 1,789 9.nk Hapoalim Bt. 2,926 Union Bt. of Israel Bt. 1,995 Unioned Missahi Bank ... 1,480 588 | 366 | BIC | 447 225 | 85.6 | Bang | Rothsohild | 202.5 1,910 | 537.0 | Bouygues | 736 1,494 | 258 | BSH Gerveis | 1,556 1,898 | 1,500 | Carrefour | 1,50e 676 | 306.0 | Club Me6iter | 544 635 | 340 | CFAO | 507 612 | 052 | CGE | 507 483 | 155 | C3F (Thomson) | 150 STANDARO ANO POORB FAZ-Aktien (61/12/58) 1981-82 Since Cmpil'th 258: 527 Mar. Mar. Mer. Mar. Mar. 15 15 12 High Low High Low HOLLAND 155 150 Indust'is..... 129.74 122.45, 121.92 127.25 181.43 126.27 187.02 118.41 188.96 5.52 (6/1/81) [8/5/82] (28/1/1/80/68/8/2/28) 108.98 108.98 108.45 108.91 188.12 187.34 140.52 4.402 187.14 186.62 4.402 187.14 186.62 4.402 187.14 186.62 147.28 118.6 HONG KONG Hang Seng B 21 5 Sanovik Frider 531 6 Kan Enskilda ... 531 6 Kan Enskilda ... 54,5 5 KF B....... 207 St. Koppardorg... 64 Svan Hanbelish... 59 3 wadish Metch... 50 Volve (Froo)...... 4,350 5,100 2,505 ,426 ong Bank (51/7/64 1897,21.1188,29 1191,78 1185,16: 1818,88 (17/7) | 1118.77 (5/18) ,200 310 | 127 | Cie Bancaire | 204.B 420 | 035 | Cie Gan Eaux | 220 104.0 | 102.1 Coffmeg | 115.1 201 | 109.1 CCF | 261 93 | 51.4 Creusot Loire | 71.5 243.2 | 20.5 CFP | 115.2 52.2 | 27.4 ONE | 40.1 1,565 | 760 | Comez | 1,136 616 | 300 | Com. Occidental | 500 Mar. 17 | Mar. 10 Mar. 5 Year ago (appro Ind. alv. yleid 🎖 28 Comm Hal (1972) 212.88, 211.51 297.88; 203.69; 292.63 (8/8) 6,60 7,42 PARAMET 2,850 0,500 1,878 78B 1,660 Airica Islael Inv. 1010 3.880 Islael Land Gover. 81, 1,303 Property and Building... 1,225 7.37 7.37 0,45 ine. P/E Ratio 7055.08-7052.80 6888.58 6810.99 8010.14 117:81 6888.55 (17/6/82) 829.02 529.88, 520.70, 523.97; 608.62 (17/8) 495.79 (5/1/81) 11,91 13.14 13.15 13.01 Long Gov. Bond yield SWITZERLAND Public Utility
Super Sol "A" HORWAY Oslo 5E (1/1/72) Rises and Falle 115.54 (3/6) 114.04 110.29 112.07 111.98 145.72 10/61 1981/B2 Mar. 19 120 55 | metal 245,5 692 520,0 | Cores 252,5 692 520,0 | Cores 252,5 692 520,0 | Cores 252,5 693 554 Macrines Bull 52,7 9,400 552 Matra 1,215 507 508 Micholin 8 751 684 377,8 Moet-Hennessy 645 84,0 49,5 | Moulinex 58 Price Fm. NY. S.E. ALL COMMON SIHGAPORE Straits Times (1986) Mer. Mar. Mar. Mer. 1981 -82 19 18 17 16 High Low 1981 -82 Mer. Mar. Mr. 18 High Low Rises. Rise 711.55 707.77 665.62 635.61 973.28 126/81 687.48 (9/5/82) Senk Laumi Invest. ... 1,062 "Civi" Israel Invest. 730 DENMARK 658 780 422 50UTH AFRICA Golé (1868) In6 ustrial (1958) 435 | 425 | 10 | 7 | 45 | 50 lu) 426.7 428.6 797.6 17/1/81) 411.2 (9/5/62) (u) 581.1; 886.1 711.7 18/1/82 | 557.2 (3/2/81) Price Mar. 19 Commercial one 101 High | Low 135.0 | 115.2 | Andolsbanken | 125 415 | 312.8 | Baltico 3kané | 577 142 | 118.0 | Copilandelsbanke 127 480 | 328.8 | D. Sukkerteé | 357 142 | 113.4 | Danske Bank | 1142 175.4 | 28 | East Asiatic | 115.2 546 | 466 | Forenedo Brygg 613 462 | 240.0 | Forenedo Brygg 613 Mar. Mar. Mar. Mar. 1281-6 Onad Ses .. 102.72 193.78 103,50 197.45 (9/2/82) | 93.17 (5/1/82) Madrid SE (60/12/81) MONTREAL ' -SWEDEN Jacobson & P. (1/1/58) +174 Industrials 278,00 274,61 270,08 270,18 405,56 (27/8) 278,45 (15/5/82 Combined 286,41 865,55 260,62 253,48 575,28 (15/6) 253,08 (15/5/83 \$66.92 807.45 688.85 815.58 888.31 (10/8) 484.17 (29/1/81) - 50 + 25 - 25 SWITZERLANO Swiss BankCpn.(\$1/12/58) 246.8 244.1 246.7 245.9 504.2 (2/4) '142.5 [11/8/82] TORONTO Composite 1584,9 1872,9 1848,7 1542,4 2380,55 (18/7) 1557,5 (18/82) | 185 | 164.4 | Jysks Bank 175 | 157.4 | Hord Kabel 142.3 | 168.0 | Hove Info...... 148.4 | 87 | Papirtabrikker 133.3 | 113.4 | Provinsbanken 135.4 | 229.2 | Smidth (FI) 249.6 | 591 | S. Derenbesen 5607 | 107.8 | Superfos 108.2 WORLD . Capital Intl. (1/1/78) 288,2 227,5 180,0 1,648 105,0 149,4 137 312,0 595,6 176 NEW YORK ACTIVE STOCKS ____ 139,5 125,1 128,3 162.9 |0|1/61t 129,1 (17/6/82) 186 | 45.6.Rhone-Poulono ... 124.3 553 | 161.1 Roused-Uciat 221.2; 181.3 | 90.1 St. Gobain 178.7 640.0 | 585 | Skia Ressignoi ... | 520 441 | 218 | Suez | 544.8 1.808 | 944 | Telomach Elect. | 858 316 | 145 | Thomson Standt.314.7 560 | 149.5 Valeo | 018 Chang Change
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Ch (**) Sat. Mer. 13: Japen Dow 7,125.41. T5E 534.80. 2see values of all Indices are 100 except Australie All Ordinary and Matsis—500: NYSE All Comon—50: Standard and Poors—10: and Tarento—1.000; the lest named baced on 1975. † Excluding bonde. ‡ 400 industrials. § 400 influstrials plus 40 Utilities, 40 Floanciels and 20 Transports, c Closed. a Unexplicate. 584,900 688,700 595,500 quoted on the individual exchanges and are less traded orices, \$ Deslings suppended, x6 Ex dividené, x6 Ex aurip iseue, xr Ex rights, xe Ex ell.

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and Tuesday it looked like being a very different story. Higher and Belgian francs, tending to take the pressure off sterling.

On Friday Paris call money on Figure 1 to uniform lowed by a return to uniform On Friday Paris call money day 164 per cent prime lending rose to its highest level for five cut rates as the few banks on 16 months at 17 per cent, although per cent moved back into line.

London was one of the few major financial centres where interest rates were little changed last week; aithongs on Monday interest rates and 9 build up of and Tuesday it looked like being speculation against the French 2 very different start. Figher of Relative frances are supported which were cuts in reversed as economic and political reversed as economic and political first move since a reduction of reversed as economic and political first move since a reduction of the first move since a redu months at 17 per cent, although period rates eased slightly after per cent moved back into line.

Bank of England help to the London money market had to be fairly generous to prevent the rising seven-day rate, which touched 14f per cent, putting pressure on the new 13 per cent touching 17 per cent on Thursday, a rise of 21 percentage points from the end of the previous week. About a mobth ago call money fell to 14 per cent, the lowest level since the election of President Mitterrand last May, and the French franc was the strongest member of the European Monetary System. At about the same time the D-mark was one of the weakest members of the system, but since then the positions of the

TOKYO One month Bille Three month Bill

BRUSSELS

interest rates and 9 build up of of the franc.

Speculation against the French and Belgian francs, tending to take the pressure off sterling.

On Friday Paris call money out its special Lombard rate by continuous for five cut its special Lombard rate by rate to 52 per cent from 6 per c

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ut its special Lo per cept to 9			rate to 5% per of	cent tron	101
WEEKLY CH	ANGE	IN W	ORLD INTERE	ST RA	TES
	Mar. iz	change		Mar. 19	char
ONDON ase rates day interbank mth interbank	1358-1354	Unch'd	NEW YORK Prime rates Federal funds 3 mth Treasury 6ille	16!: 14:: 13 19.99	~ 1: ∴ 5.1
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and 3 Bille Mth. Treasury Bills Mth. Bank Bills	193;* 121:124; 133:1318	Unch'd Unch'd	One Mth. Interbank	2.5 9.75 9.70	-0.3 -0.3 -0.2
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BANK OF ENGLAND TREASURY BILL TENDER

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March 19 March 12

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metie means, rounded to the necrest rates for \$10m quoted by the market to five reference banks at 11 em each doster Bank, Bank of Tokyo,

LONDON MONEY RATES

Average rate of discount 12,4831% 12,4650% 12,88% 12,86% Amount on offer 1100m \$100m

at next tender_.i £100m

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	Starling Certificate of deposit	Interbank		Local Auth. negotiable bonds	House	Company Deposits		Tressury	Eligibie Bank Bilis e	Fine Trade Bills &
Overnight		13-20	1652-1334		_	136g-137g	13	_		
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One month	134-16a	1358-1334	1352	144-14	1334	1378-14	13	13: 13:	13-3-161a	167a
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Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from March 1 1992 Clearing Bank Deposit Rates for sums at seven days notice 10-10% per cent. Clearing Bank Rates for lending 13 per cent. Treasury Billst, Average tender rates of discount 12-4831 per cent.

Certificates of Tax Deposits (Series 5) 13½ per cent from Merch 8. Deposits withdrawn for cash 11 per cent.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

. Mar. 19	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lire	Belgian Frenc Convertible Japanese Yer
2 hort term	1356-1354 1353-1354 1356-1354 1553-1354	147g-131g 13-131g 131g-133g 131g-133g 131g-153g 16-131g	13-18 15-16 16-3-16-3 15-3-16-3 15-3-16-4 16-3-16-1	278-9 878-9 678-9 878-2 878-8 876-8	1½ 2 2-8½ 553-5¾ 573-51¾ 6%-61% 634-678	9/5-9/4 9/5-8/6 9/4-856 8/4-836 8/4-836 9/4-836	88-87 22-27 24-26 2114-88-34 1954-2054 1812-1212	19-22 95-31 25-27 23-2478 22-4-2368 2212-24	7.8% 612-659 1719-28 62-659 1719-28 62-659 17.18% 659-654 16-1 1719 653-654 16-17 653-654 1312-1672 633-654

BFr (financial): short-term 11-11½ per cent; eaven days' notice 12½-13 per cent; one month 13½-13½ per cent; three months 14½-14½ per cent; six months 14½-13½ per cent; one year 14½-14½ per cent; three months 13½-14½ per cent; six months 13½-13½ per cent; pne year 13½-13½ per cent; six months 13½-13½ per cent; six months 13½-13½ per cent; one year 13½-13½ per cent; eaven 15½-15½ per cent; six months 15½-15½ per cent; one year 14.80-15.00 per cent; six months 14.80-15.05 per cent; one year 14.80-15.00 per cent; six months

CURRENCIES AND GOLD

Falling francs

dominated by fears that the Japanese yen.

French franc was becoming Sterling had a better week, equally vulnerable. Paris and looked to have found a interest rates rose to the resistance level of £1.80 against highest level for five months, at the dollar. It finished unchanged and Dutch authorities cut rates as their currencies became the two strongest members of the EMS.

The Belgian franc finished to FFr 11.16 from FFr 10.9750, near its lowest permitted level and also rose to DM 4.2950 from against the top placed EMS cur
DM 4.28: to SwFr 3.4150 from rency, the guilder, on Friday, SwFr 3.3825; and to Y439.50 while the French franc lonched from Y431.50. while the French franc lonched its floor against the D-mark, but ended the week slightly firmer.

The dollar rose to a record level of FFr 6.2475 against the lowest point since late. French franc, and finished at FFr 6.1975 compared with FFr up or down by about \$10 a day. before closing at \$316.50, a fail week. The U.S. currency was of \$7.25 on the week.

GOLD

Several members of the Enropean Monetary System came under growing pressure last week, as the foreign exchange the L1,306 from L1,2844. A slight market took more notice of frming of Eurodollar rates also and less of pure interest rate movements. Speculation about a against the D-mark; to SwFr 18700 in terms. possible devaluation of the Bel-gian franc continued, but the of the Swiss franc; and to market became more and more Y244.10 from Y239.90 against the

the same time that the German at \$1.7995 on the week, and the pound's trade weighted index improved to 91.1 from 90.1. Sterling improved sharply against the French franc, rising

THE DOLLAR SPOT AND FORWARD

March 19	Day's	Close	One month	% p.a.	Three months	ř., p.a.
UK†	1.7970-1.8070	1.7990-1,8000	0.20-0,30c dis	-1,67	0.72-0.82dis	-1.71
Irelandt	1.4540-1.4600	1,4540-1,4560	0,68-0,58c pm	5,12	1.75-1.60 pm	4:59
Canada	1,2185-1,2210	1.2202-1.2207	0.06-0.09c dis	-0.74	0.23-0.26dis	-0.80
Neihind.	2.6175-2.6330	2,6175-2,6225	1.45-1.35c pm		4.08-3.98 pm	6.14
8algium	44.78-44.95	44.81-44.83	15-30c dis		30-45 dis	-3.34
O enmark	8.0750-8.0900	8,0750-8,0800	0.15ors pm-par	0.11	0.40-0.20dis	-0.32
W. Gai.	2.3810-2.3890	2.3825-2.3835	1.25-1,20pf pm	6.17	3.55-3.50 pm	
Portugal	70.20-70.50	70.25-70.45	30-95c dis	-10.66		-2.10
Spain	104.65-104.95	104.70-104.80	par-10c dis		25-40 dis	-1.24
Italy	1,305-1,314	1,3061-1,3091-	10-12 lire dis		261-281, dis	-8.41
Norway	6.0360-6.0500	0.0450-6.0500	0,20ors pm-par	0.20	0.20-0.40-lis	-0.20
France	6.1950-6.2475	6.1950-6.2000	5.50-6.50c dis		10-114 dis	-6.94
Sweden	3.8525-5.8600 -	5.8540-5.8590	1.10-0.90ore pm		3.20-3.00 pm	
Japan	243.20-244.50	244.05-244.15	1.85-1.70y pm		5.20-5.05 pm	
Austria	16.74-16.78	16.751-18.761	101-91-gro pm		27-24 pm	6.09
Switz.	1.8940-1.9050	1,8965-1,8975	1.59-1.51c pm		4.41-4.33 pm	

THE POUND SPOT AND FORWARD

March 19	spread	Close	One month	, p.a.	Three . months	p.a.			
U.S.	1,7970-1.8070	1.7990-1.8000	0.20-0.30c dis	-1.67	0.72-0.82dis	-1.71			
Canada	2.1325-2-2010	2.1945-2.1955	0.35-0.45c dis	-2.19	1,33-1.43dis	-2.51			
Nethind.	4.71-4.76	4.71-4.72	24-14c pm	5.09	57-5% pm	4.77			
Belgium	80.50-81-29	80.65-80.80	25-55c dis		60-100 dia	-3.96			
Denmark	14.54-14.63	T4.55-14.58	21-3 years dis	-2.52	9%-10% dis	-2.73			
Ireland	1.2340-1.2405	1.2380-1.2395	0.63-0.75p dis	-0.68	1.86-2.02dis	-6.28			
W. Gar.	4.282-4.312	4.29-4.30	14-14pf pm	4.19	472-432 pm	4.31			
Portugal	126.00-127.25	126.50-126.80	65-190c dis	-12.08	200-416 dis	-9.71			
Spein	188.40-188.10	188-55-188.75	20-45¢ dis .	-2.07	125-160 dig	-3.02			
Italy	2.353-2.376	2,353-2,356	2012-2512 lire dia			-10.11			
Norway	10.86-10.92	10.87-10.88	7g-17gora dis .		4's-5's dis	-1.70			
France	11.15-11.28	11.15-11.17	711-144c dis		2212-2612 dis	-8.78			
3weden	10.53-10.59	10.532-10.542	5ore pm⋅par	0.35	134-3, pm	0.33			
Japan	437-442	439-440	2.80-2.50y pm	. 7.23	7.65-7.30 pm	6.60			
Austrie	30.05-30.30	30.08-30.13	17 ¹ 2-12gro pm	3.88	3712-3012 pm	4.52			
3witz.	3.40 3.44	3.41-3.42	23-21-c pm	9.34	6%-6% pm	7.61			
Belgian rate is for convertible france. Financial franc 89.45-89.55. Six-month forward dollar 1.48-1.58c dis. 12-month 2.50-2.70c dis.									

FORWARD RATES AGAINST STERLING .-

Doller D-Merk French Franc Swies Franc Japenese Yen	3.4150	1 month 1.8020 4.2800 11.2925 3.3913 436.9	3 month 1,5072 4,2488 11,4050 8,350 432.0	6 month 1.8148 4.2102 11.5429 3.3006 425.3	12 month 1.8255 4.1382 11.7222 3.2057 414.1

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 19	(% change from central rata	% change adjusted for divergence	Divergence
Belgian Franc	44.6963	45.1443	+1.00	+1.00	±1.5440
Canich Krone	8.18382	8.13935	-0.54	-0.54	+1.6428
German D-Mark	2.41813	2.39867	··· 0.81	-0.81	±1.1097
French Franc	6.19564	6.25926	+1.03	+1.03	-1.3743
Dutch Guilder	2.67296	2.84037	-1.22	-1.22	±1.5069
Irish Punt	0.686799	0.689993	+0.47	+0.47	±1.6689
Italian Lira	1305.13	1320.94	+1.21	+1.23	14.1242
weak c	urrancy. Ac	CU, therefore fjustment calc	positive cha	ango denotes	a

OTHER CURRENCIES

Mar. 19

(£1764-17654) \$52814-3931₂ 1£1775-17814) \$58012-3211₂ 1£175-082) (£175-183) \$520

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Argentina Peso	18,835.	19,8551	11,000	11,050†	Austria	30,10-30,40
A control in Proline	11 70QR.	1.7045	! C_9460	-0.9466	Beigium	· 82.20
Brazil Cruzeiro	221 50	.268.50	145.28	146.01	Denmark	14,55.14.89
Finland Merkka	8.241	8.256	4.5840	4.5860	France	17,12-17.00
Greek Drachma	105.25B				Germany	4.293,4,393,
Nong Kong Dollar	10 512.	10 522	5.8320	5.8370	Italy	2540-2590
iran Rial	147	40			Japan	
Kuwait Dipar (KD)	0 611	0.417			Notherlands	4.75.4.77
Kawatt pikat (kp)	90.55	0,011			NOTWAY	
Luxembourg Fr	00,00	4.0120			Portugal	
Melaysia Dollar	4,2000	42120				1831-194
New Zeelaed Dir.			LZOCU	-L209U	Suct an	1D.54-10.64
Saudi Arab. Riyai	6,14	6,20	0,4100	-9.4100	Sweden-,	
Siegapore Dollar.	3.8320	3,8380	2,1250	.2,126U	SWITZGITTED	3,4112,3,4514
sth. African Rand	1.8670	1.8690	1.0375	-1,0385	United States	1,80-1,82
M.A.E. Dirham			: 3,6715	3,6735	Yugoslavia	83.100
		-	-			

690 1,0375 1,0385 United States 6 ;3,6715-3,6735 Yugoslavia	1,80-1,82 83-100	
Now one sate. * Selling min.		

CURRENCY	MOVE	WENTS	CURRENCY RATES					
War. 19		Morgen Guaranty Changest	Mar, 19	Bank rate	Special Drawing Rights	European Currency Units		
Sterling	95,1 83,5	-32,7 +7,1 -17,7 +24,8 -1,7 -13,6 +46,3	Sterling U.S. S. Canadian S. Austria Sch. Belgian F. Danish Kr.	12 15,04 64 16	0.221198 1,11939 1,36610 18,7682 50,1699	0,568703 1,00367 1,22681 16,8550 45,1443 2,13935		
Swiss frame	154.7 115.4 78.8 54.2 136.3	+107.4 +82.0 -15.3 -56.5 +22.0	D mork	71 ₂ 8 91 <u>e</u> 18 51 ₈	8,66918 2,93788 6,96252 1469,20	2,139851 2,54037 6,25826 1320,94 244,880 5,07422		
Based on trade we Washington agreem	ent Decen	aber, 1971.	Spanish Pts.	2	unava'ble 6,55851			

Mar. 18	Pound St rling	U.S. Collar	Deutschem'k	Japan'se Yen	FrenchFranc	Wise Franc	Dutch Guild'	(talian Lira	Canadia Dollar	Belgian Fran
Pound Sterling	0,556	1.800	4,295	439.5	11.16	3,415	4.715	2354	2.196	80.73
U.S. Dollar		1.	2,567	244.2	6.202	1,898	2.620	1308	1,22D	44,86
Deuts-hemark	D,233	0.419	9.778	102.3	2,598	0,796	1,098	548.1	0.511	18.80°
Japanese Yen 1,000	2,276	4.094		1000.	23,52	7,770	10.75	5336,	4,994	183.7
Franch Franc 10	0,896	1.612	3,849	393.8	10.	3.060	4.286	9109.	1,967	72.35
Swiss Franc	0,293	0.527	1,258	128,7	5,268	1.	1.381	689.3	0.643	23,64
Dutch Guilder	0.212	0,389	0,911	93,21	2,367	D.724	1,	499,3	0,466	17,12
Hallan Lire 1,000	0,425	0,764	1,825	186.7	4,741	1.451	8,003	1000,	0,932	54,89
Ganadian Dollar Belgian Franc 100	0,466 1,239	0,620	1,987 5,321	200,2 544,4	6,084 13,82	1,566 4,230	2,148 5,841	1072. 2916,	2.7t2	36.78 100.

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FOR QUALITY DEVELOPMENTS IN THE SOUTH AND MIDLANDS 021 - 704 - 5111

BRITISH FUNDS

Price Last Yield "Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years 15|Treasury 84pt 1997tt. 270ct Exch, 15pc 1997.... 1May Treasury 64pc 95-98tt. 305|Treas, 151₂pt 98tt. 2001 Exch, 12pc 1998....

Undated Index-Linked & Variable Rate

| Index - Lineau & Variable Rate | Index | Ind INT. BANK AND O'SEAS GOVT. STERLING ISSUES

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FINANCIAL TIMES SURVEY CORPORATE FINANCE

APRIL 29 1982

The Financial Times is planning to publish a survey on Corporate Finance in its issue of April 29 1982. The provisional editorial synopsis is sec out below.

INTRODUCTION There is increasing evidence to suggest that the worst of the recession is over, but it is hard to assess as yet how strong and durable any recovery will be. The corporate sector, especially in manufacturing, has made savage cuts in both physical capacity and manpower, in an effort to become more competitive. These moves helped liquidity in 1981, but now industry may have problems in Spinoring on printing over though in many factor profile. financing an upturn, even though in many cases profits appear to be recovering quite sharply.

Editorial coverage will also include:

PROFITS BANK BORROWINGS TAXATION **NEW ISSUES** MANAGEMENT BUYOUTS **MERCHANT BANKS** CORPORATE RESCUES THE INDUSTRIAL RECOVERY

INVESTMENT INTERNATIONAL EXPANSION CORPORATE TREASURERS INSTITUTIONAL SHAREHOLDERS SMALLER COMPANIES

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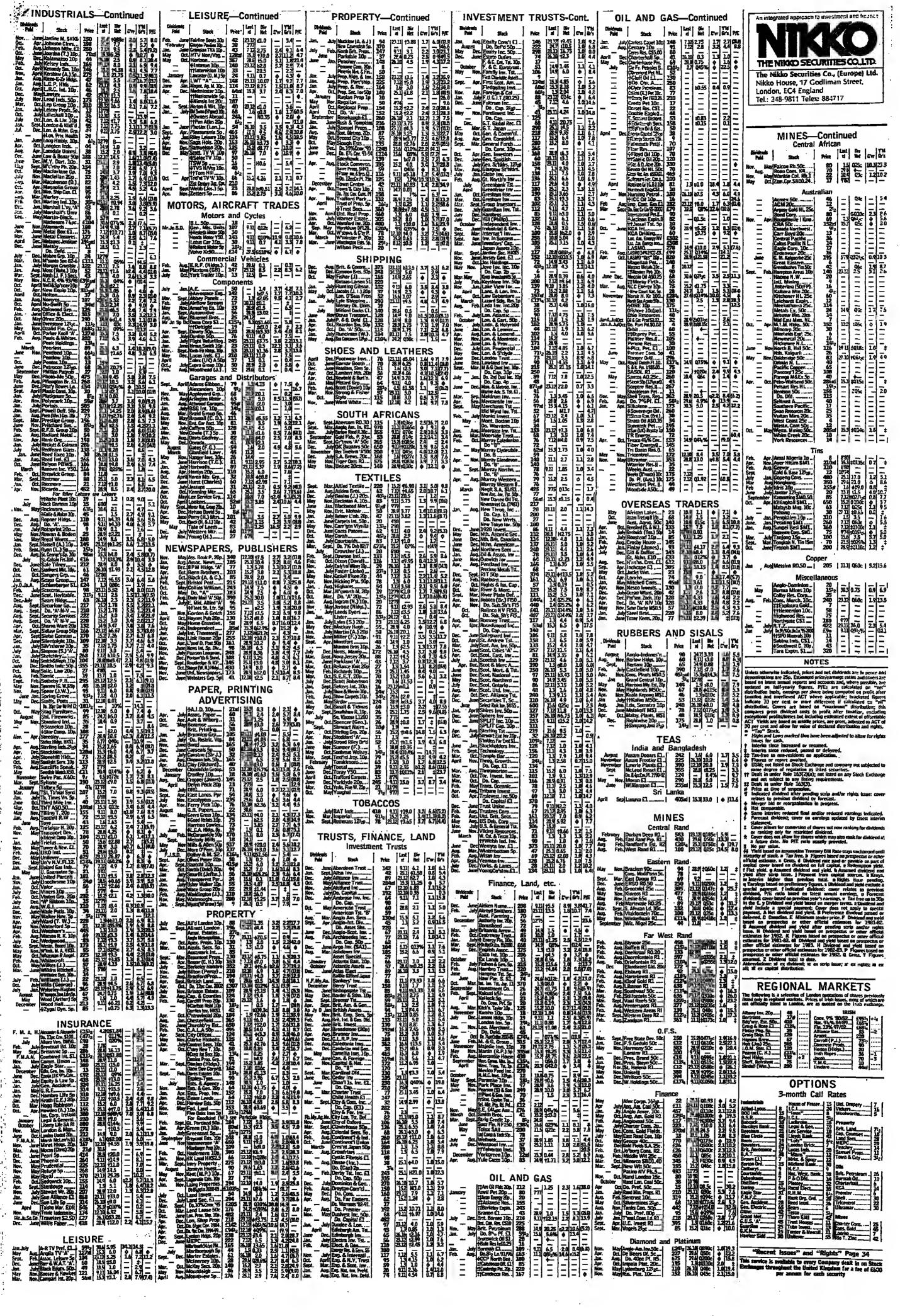
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FINANCIAL TIMES

Monday March 22 1982



Heseltine gives a hand to boost black business advance

BY ROBIN PAULEY

MR MICHAEL HESELTINE, the Environment Secretary, is looking urgently for a black adviser and has asked all the major banks to give priority consideration to appointing black business development officers.

Mr Heseltine feels that appointment of a black person with business experience is the only way to be briefed properly on the problems facing black people wanting to start or expand small bustes in Britain's deprived inner-city areas.

He also feels such an

Austrians

win £300m

Soviet steel

By Our Moscow Correspondent

Trade Ministry for a steel mill

designed to convert scrap metal

into 750,000 tonnes of steel a

Voest-Alpine is to produce a

complete turnkey steel complex

in . Byelorussia by the end of

1984 for Sch 9bn (£299.5m). No

barter arrangements are invol-

by Austrian banks at 7.8 per

cent, 2 percentage points below

the market rate. The Soviet Union was granted a line of credit of Sch 10bn for 8½ years.

Engineers from Voest-Alpine

said their technology won the

contract over Salzgitter of West Germany. But the interest rate

offered by Austria is thought to have been a powerful stimulus to the Soviet Union. The plant, to be located at

Shlobin, near Gomel in the

western Soviet Union will

produce liquid steel from scrap

500,000 tonnes a year of finished products—rolled steel, wire and rods—with the rest

attention to reclaiming scrap.

country. Voest-Alpine will sub-contract

about 10 per cent of tha con-

struction to Danieli, the Italian

company. Schloemann-Siemag,

the German company, will also

have a small share of the deal.

will be based in Byelorussia to

supervise construction, officials

About 150 Austrian engineers

It is planned to produce

in electric arc furnaces.

in semi-finished form.

Financing is being provided

ved in the deal.

appointment would belp to convince the black community that the Government is trying to pay careful attention. to its difficulties. The search has become more urgent in Mr Heseltine's eyes as the anniversary of last year's riots approaches, with very little so far to show from the Government's promise of changes.

However, the search for the right person to advise him has proved difficult and Mr Heseltine is understood to have gone to the trouble of asking some schools in the whether any of their bright-

est graduates over the last five, 10 or 15 years were blacks who went on to achieve business success.

On the other hand, neither he nor his department has asked organisations such as the New World Business Consultancy in Camberwell, South London, whether it has any ideas. The organisation was set up with £40,000 from the Greater London Council, Wates and some clearing banks to advise black men on how best to present their husiness ideas to banks and improve their business sales. One of the

main organisers is Jonathan Emanuwa, who has extensive links with the black business community.

Meanwhile, all the chairmen of the five major clearing banks, the Co-operative Bank, Trustee Savings Bank, Yorkshire Bank and Girohank have received personal letters from Mr Heseltine urging them to appoint black husiness development officers.
This is at the instigation of

the Financial Institutions Group (FIG), which is advising Mr Heseltine on inner urban problems for a year. Barclays, which has been

the first to respond, has appointed Mr John Ridgeway, white former manager of branch in the East End of London. Mr Heseltine is understood to be privately unimpressed with Barclay's inability to find a suitable black person despite its Afro-Caribbean banking links.

None of the other banks is expected to appoint a black person to the lob. The five major clearers — Barclays, Lloyds, National Westminster, Midland and Williams and Glynns - have some 11,300 branches but not one black

CHANGES EXPECTED ON MANAGEMENT AND PURCHASING

Shake-up likely on Sizewell B

mill contract are expected soon on the management and purchasing policies for the £1hn Sizewell B nuclear station, planned as the VOEST-ALPINE, the statenext major investment by the Central Electricity Generating owned Austrian engineering group, has signed a contract Board. with the Soviet Union's Foreign

The CEGB already bas flouted the Government's earlier wish that total project management for Sizewell B—the subject of a public inquiry next year—should be given to the National Nuclear Corporation.

Instead, a joint management team bas been set up, led by Mr Ted Pugh, a senior CEGB project manager. He recently transferred to the NNC board as director responsible for thepressurised water reactor.

His team includes a large number of CEGB engineers, along with staff seconded from the U.S. companies Westing-house and Bechtel, and from British Nuclear Fuels.

Members of the team have been told their loyalties must be primarily with the PWR project and not their parent Until his abrupt departure supply

CONTROVERSIAL DECISIONS last year. Mr Denis Rooney, "maximum" manufacture in must take is whether the former NNC chairman, was expecting to negotiate a total management contract from the CEGB and sub-contract the nonnuclear two-thirds of the project back to its customer. But orderi under the new arrangement, the 1980s. NNC could have direct respon-

> of the project. as the precursor for a series of five identical stations in the 1980s. ·

The team expects to spend in two years' time.

With the team, NNC staff are being seconded to the CEGB's engineering centre at Barnwood, and CEGB staff to the NNC's design offices at Whetstone, near Leicester.

The team soon will invite bids from overseas suppliers for achieve radiation ghost levels nuclear parts of the station. Westinghouse is expected to bid for the complete nuclear steam British nuclear stations. overseas supply system, but with One key decision the team Britain.

Britain. In this way, the team bopes

to discover how interested British industry is in making PWR components, given the low ordering rate expected in the The team already ha recom-

sibility for only 20 per cent mended one significant change to the design disclosed in The CEGB has stressed it was January. This is a second prenot sure that NNC alone could stressed concrete containment to carry the technical and financial surround the nuclear steam risks of the project-one it sees supply system, at an extra cost of about £6m.

The team is working against the clock to freeze the design in time to keep its promise to about £100m hefore a start is publish its pre-construction mada on site—at the earliest safety report by the end of next month.

But it remains confident that it will present the public inquiry with a project costing about 30 per cent less than an equivalent British-designed advanced gascooled reactor. It is also confident it con

to Sizewell B operators comparable with the average at existing

nuclear company will be responsible for the "nuclear island," representing about 35 per cent of total cost, or only the nuclear steem nuclear steam supply system, representing about 20 per cent.

The joint team must also decide, on the basis of estimates provided by British and over-seas' suppliers, whether key parts of the nuclear steam supply system should be bought

It has already accepted that it will cost more to set up manufacturing facilities in Britain for a pressure vessel than the value of the Sizewell B order. The domestic ordering rate is not expected to be high enough for such a plant to be profitable in the 1980s.

Westinghouse, short of new orders, is making a strong bid to win the contract for a complete nuclear steam supply system But political pressures may

force a compromise in which corporate managers. key components are bought Greatly oversimplified, the overseas and assembled in

Jenkins edges ahead in Hillhead polls

BY PETER RIDDELL, POLITICAL EDITOR MR ROY JENKINS for the Labour would also consolidate Experienced

Soviet engineers have not previously devoted much SDP/Liberal Alliance has edged iron and steel. They reportedly hope to make the Shlobin plant a pilot project, as the first of election on Thursday.

The gap between the

The gap between the three main candidates is still smallpossibly well under 1,000 voes -so that the outcome is likely to remain uncertain until the

The result will have a vital impact not only on Mr Jenkins' future and his prospects of becoming SDP leader but also on the Alliance's chances of recovering its present faltering ago. They are, bowever, trying political momentum. A victory to warn their followers against for either Conservatives or for over-confidence.

confidence of a growing momentum which, it is hoped, will be strengthened by the latest polls. This follows what is claimed as

Jenkins in the past few days.

In Mr Jenkins' camp there is

a successful canvass of formerly uncommitted voters and "don't knows" over the weekend. This is in contrast with the depressed state of SDP leaders a week

existing leadership.

SDP/Liberal Alliance has edged ahead of the Conservative and Labour candidates in the run-up to tha Glasgow Hillhead hycle election on Thursday.

There is evidence in the tively is between Mr Jenkins and Mr Gerry Malone, who is to tha Glasgow Hillhead hycle election on Thursday.

There is evidence in the tively is between Mr Jenkins and Mr Gerry Malone, who is and Mr Gerry Malone, who is canvass returns of a slight defending a Conservative and to the company of just over 2,000 at and for BBC Scotland shows the company's shareholders pay helieve that the contest effect opinion polls. the last election. These campaigners argua that former

Labour voters, especially women and the young, are moving slightly in favour both of Mr Jenkins and of Mr George Leslie, the Scottisb Nationalist candidate. The traditional Conservative

vote in the more mlddle-class areas appears to be bolding up strongly, though some Tory working class voters may be which have deserting. These trends may attendances.

campaigners not yet be fully reflected in the

Mr Jenkins with 29 per cent of the vote (against 27 per cent last week), Labour with 28.5 per cent (27), the Conservatives with 27.5 per cent (30) and the Scottish Nationalists with 14 per cent (15.5).

Mr Jenkins appears to have been belped both by a shift of uncommitted voters and by the impact of his public meetings which have attracted very large

Continued from Page 1

THE LEX COLUMN

The unwanted dividends

Highly-taxed private investors and the unit trust vehicles which serve them, have a longstanding and perfectly rational preference for capital gains over dividend income. This year's Budget should crystallise their dislike for dividend income into a positive aversion. After all, the inflation element of future long-term capital gains will now virtually escape taxation, while dividends remain subject to tax at rates of up to 75 per cent.

At the same time, the investor averse to risk as well as to dividend is offered a more or less ideal security by the Government, the index-linked gilt-edged is a formidable competitor for the familiar blend of low coupon stocks, property and GEC shares. Companies reviewing their dividend and index to the coupon stocks, and the coupon stocks, property and GEC shares. dividend policies at least should be aware that a large number of their shareholders would prefer them to bave a much lower ratio of dividends to

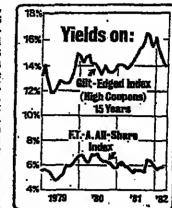
Quite independently from the new conditions in the UK, the latest edition of the Chase Financial Quarterly is given over entirely to a discussion of dividend policy. With differences of emphasis bere and there, the academic contributors expound the theoretical arguments — supported by a

retained profits.

steadily growing volume of research—that the payment of dividends is irrelevant and can be harmful. Of all of the issues studied by academic corporate finance specialists, this is perhaps the one in which theoretical deductions have had the least impact on the day-to-day behaviour of

argument runs that in an ideal market—with no taxes cr transaction costs-it should not matter whether a company distributes its profits or retains them. For a given investment policy relative to cash flow, a rise in the dividend expresses a preference for outside financing—the acceptance of higher gearing through a rise in the level of debt, or an imequity. In an environment in be in soon to restore the bal- -even though the whole point which a significant number of since the idea that the bargain- about the cui was that the old the company's shareholders pay tax on their dividends, to distribute earnings is plain perverse. Even where a company has decided to shrink, and feels its shareholders can use funds bet- of amassing cash against which a base from which a company ter than it can, it is more efficient for it to buy in its own shares, than pay dividends.

Buying in shares is still not effective than vague "accountopen to British quoted companies, and the London equity



market is dominated by un-taxed pension funds to a much greater extent than Wall Street — the price of GEC shares is set by the gross funds, not the high taxpayer. But even in the U.S., campus derision about dividends has cut a limited amount of ice: U.S. quoted companies paid out \$600n (£33.30n) in 1981. Some contributors to the CFQ, start-ing from the premise that not businessmen are irrational, concern themselves with ex-plaining companies' strange reluctance to bow to common

Their general conclusion is that dividends convey information about long-term trends to the markets in some mystical way that makes it worthwhile to bear the administrative costs payment, have the shareholder taxed, and eventually pay for the underwriting of new equity. This might imply that chairmen are even less articulate and public relations men given even less value for money than is generally supposed. Or else—and this seems more

sense.

way, and even goes so far as hunters might be other com-panies with sharp teeth is not discussed.) No one at the seminar seems to have put the to write dividend cheques might management—a discipline more

The academic position could in favour of retentions.

hardly be further away from the ordinary point of view of the British pension fund pension fund manager, who wants as many dividends as he can get. It is not unknown for funds to cajole or even bully companies into a high level of distribution, even if that means paying unrelieved advance corporation tax. Dividend cuts, like other sorts of violent crime, have been on the increase lately, but that does not make them my less deplorable in the view of the pension fund managers.

Perhaps it is exposure to the gilt-edged market over a period of very high yields that has accustomed fund managers to getting 15 per cent of their investment back at the end of a year and having to find a new ne for it. Certainly the idea of selling small parcels of stock to meet pension costs does not seem to appeal: the objective of a fund may be measured in terms of total return, but dividend flows and capital profits are still treated as different kinds of money.

Recycling

But it is not necessary to accept every article of faith of the anti-dividend school to be concerned about overdistribu-tion. In the UK, the picture of a company raising new equity to pay for past dividends is far from being a caricature—and the need to pay dividends on the increased capital sows the seeds of the next fund-raising. Nobody benefits much from this weary process of recycling but the Inland Revenue and the City underwriters. Many British companies

went into the present recession with inappropriately-low dividend cover-party as a result else—and this seems more likely—hard cash is the only thing worth paying attention to.

A seminar held by Chase on these subjects covers the payout ratio left them exposed theoretical points in a lively way, and even goes so far as many were forced in cut their way, and even goes so far as many were forced to cut their to consider what becomes of dividends. Corporate pride now successful companies which seems to require that the level announce plans to stop paying of dividend that has been dividends. (If their shares do abandoned should be collapse, "bargain-hunters" will reconquered as soon as possible

There is nothing particularly heroic in this storming of lost citadels. The positive side of a argument that the annual chore dividend cut is that it provides can reconsider the ideal future impose a valuable discipline on mix of retentions and distribution. The capital gains tax changes will have done a useful job if they redress the balance

level was wrong.

Weather

MAINLY DRY with sunny periods after fog patches and clouds clear.

London, S. England, E. Auglia, the Midlands, N. England Rather cloudy with light rain at first becoming brighter and dry. Max 10C (50F). S. W. England, Wales,

Early fog patches becoming sunny. Max 11C (52F). N. W. England, S. W. Scotland,

N. Ireland Sunny periods with scattered ahowers and moderate winds. Borders, Scotland,

Max 9C (48F). Sunny periods with isolated showers and westerly winds. Max 9C (48F). with bright Dry intervals and night frost.

WORLDWIDE

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loudy. F. Fair. Fg. Fog. H. Raio, Sunny, Si-Sleet. Sn. Snow, † Noon GMT temperatures,

Continued from Page 1

French left

into play was the often muddled presentation of Covernment policy, unease over the economy and discontent in rural areas

over fafrfmf fprfifcfefs. The fall of the franc on the foreign exchange markets last week almost certainly had a negative effect on the Government in yesterday's vote. .

The decline overall in the left-wing vote is explained both by the drop in support for the Communist Party (from which the Socialists so far have been unable to benefit) and a swing back to the centre by voters have recently supported President Mitterrand.

It seemed unlikely last night the Socialist-led coalition could achieve its goal of gain-ing a majority of the presidenof the 95 departmental Continued from Page 1

Laker abandons plans

as to its fitness to fly, both in safety and technical terms as well as financial.

Brenpage possessed no aircraft and no base — the original Laker Airways maintenance base at Gatwick bas already been bought from the processor by Pritish Caledonian receiver by British Caledonian. As a result no air operator's certificate could have been granted to Brenpage.
The Civil Aviation Authority

said at the weekend that by the end of last week it had still. not been given any details of Sir Freddie's plans, either financial or technical. Sir Freddie's decision not to proceed, at least for the immediate future, raises the question

of what will bappen to the large

"air operator's certificate." sums donated by private indi-This would mean that the air-line had satisfied the authority fund—to help him get off the ground again. This cash, believed to amount to several hundred thousand

pounds, is held in a Lloyds bank account at Gatwick. It is expected to be returned to the donors as soon as possible. Alan Friedman writes: The Orion Royal Bank, the merchant bank which had been advising on the Laker revival, said last night Sir Freddie still bad hopes of starting a charter operation, possibly next winter. Orion has been working for Sir Freddie on a non-fee basis. "We were prepared to do a cer-

Opec ceiling budgetary requirements for the

financial year just beginning. Sbeikh Yamani and Shelkh Ali Khalifa, however, seemed confident that balance could be restored by mid-year or late summer at the latest, but conceded that further recession in the economies of the indusintalised countries could upset calculations. As for the British National

Oil Corporation's decision to lower the price for North Sea crude from \$35 per barrel to \$31. Sheikh Ali Khalifa was insistent that the price should said: "It is for the British Government to decide whether they want to waste taxpayers' money or not." He described BNOC's pricing

tain amount of work on spec. Having been deeply and briefly involved before, we were anxious to help Sir Freddie if we could." system as "rigged to maximise production not profit."

U.S. may curb flights from Japan

BY LOUISE KEHOE IN SAN FRANCISCO

SANCTIONS against Japan's SANCTIONS against Japan's This week's visit to Washing-commercial airline, Japan Air ton by Mr Yoshio Sakurauchi, consensus on civil aviation level talks. rights, may be imposed this week by the U.S.

The door has been left open, however, for further talks in Washington. Mr Darrel Trent, the deputy secretary of the U.S. Department of Transportation who beaded the U.S. delegation, "We bave offered, and the Japanese bave accepted, that the issue be left open for an unspecified period while assess the situation."

Lines, following the failure of Japan's Foreign Minister, seems the two countries to reach a to offer an opportunity for top-The failure of the civil avia-

The eighth and "final" round expected to lead to the link of the aviation issue with broader bilateral trade talks. Mr Trent said: "We wanted

to expand opportunities for the carriers of both countries. The openness of the U.S. market has provided great opportunities for Japanese Airlines. A more open market in Japan with . Landing rights for United better opportunities for U.S. carriers would work to the henefit of Japan also."

The main issue has been the U.S. desire to increase its landing rights in Japan and to allow U.S. carriers "beyond rights"to pick up passengers in Japan and fly on to further destinations. Mr Yoshio Okawara, the Japanese ambassador to the

U.S. said a major objective of the Japanese delegation was to

large Japanese community. Mr Trent said that when it petition. became clear that a wideranging agreement would not be reached, the U.S. delegation suggested a "mini-package"

which narrowed discussions to pressing problems. Both aides seemed close to agreement on four points: • Increased U.S. charter flights from the U.S. to Japan. U.S. landing rights in Osaka.

But there was no agreement

While JAL is able to make highly-lucrative flights from Asia into Japan—and on to the U.S.—these potential moneyapinning routes have been recent to reduce car exports to canada, to increase the import of components made in Canada and to consider major plant in vestment in Canada.

into Japan.

obtain beyond rights to fly denied to U.S. carriers. The through Los Angeles to Sao Japanese show no inclination Paulo in Brazil, which has a to open this element of their civil aviation market to com-Victor Mackie writes from

Ottawa: Canada is keeping all options for protective trade measures open following disappointing talks in Tokyo on limiting Japanese car imports, Mr Mark MacGuigan, minister of external affairs said over the weekend.

He was commenting on reports from Tokyo that Mr Ed Lumley, Canada's Trade Minis-Arrunes in Tokyo.

Additional landing rights for Tokyo, had failed to negotiate a reduction of Japanese cars of Seattle.

Mr Lumley went to Tokyo to on the key issue of beyond seek far-reaching concessions rights for U.S. airlines flying from Japan to reseue Canada's sagging automobile industry. He wanted to persuade the Japan-ese to reduce car exports to

also build portfolios.

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